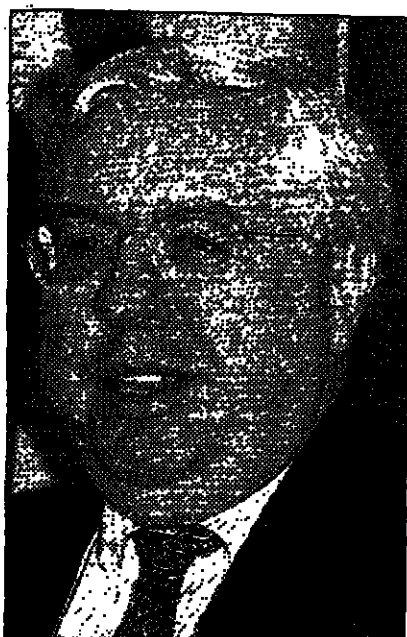


Hope Arrives in Bonn With New U.S. Envoy

After Long Absence in Embassy, Posting Of Kornblum Is Seen as Reaffirming Ties



John Kornblum, the new U.S. ambassador, in Bonn Wednesday.

By John Schmid
International Herald Tribune

BONN — When John Kornblum arrived here Wednesday as Washington's new ambassador to Germany, a degree of hope arrived with him for the Germans who worry that the United States has downgraded their nation's diplomatic worth.

Mr. Kornblum's arrival ended a 14-month absence in the U.S. embassy on the Rhine, which has been staffed in the interim by a chargé d'affaires. The vacancy unsettled Germans and made them ask whether the long-standing strategic interests of Bonn and Washington had begun to diverge after decades of an unusually warm, productive and emotionally charged alliance.

Radical troop cutbacks, closures of Amerika Haus cultural centers, an absence of congressional visits to Germany, U.S. criticism of German treatment of Scientologists and of Bosnian refugees, trade frictions over Cuba and Libya, and even the recent difficulty of the German president, Roman Herzog, to schedule appointments for a trip to Washington have all been taken by Germans as evidence of a cooler relationship.

Given those anxieties, Germany's political and journalistic establishment enthusiastically greeted the appointment of Mr. Kornblum, one of Washington's top German experts, as a hopeful sign that the United States is ready to breathe new life into its partnership with Germany.

Because Mr. Kornblum, 54, served frequently in Bonn, Berlin and Hamburg during his 33-year State Department career, many German diplomats consider him an old friend. With his fluent and colorful command of German, Bonn views him as one of the best men available to help explain to Germany how its role has shifted and grown in the context of an eastward-expanding Europe.

See GERMANY, Page 6

In UPS Pact, Long-Range Ramification Is Unclear

By Frank Swoboda
Washington Post Service

WASHINGTON — Ron Carey, president of the Teamsters, proclaimed his union's success in its two-week strike against United Parcel Service as the start of a new era for organized labor. "American workers are on the move again," he said after the settlement on Tuesday.

Many labor experts agree that the Teamsters won some significant gains in the UPS strike — especially the company's pledge to add 10,000 full-time jobs for current part-time workers.

But these experts caution that the broader economic forces that have been

NEWS ANALYSIS

pushing companies such as UPS to use part-time workers continue unabated. And unless organized labor can find ways to ease these competitive pressures, they say, any gains won in the UPS strike may be short-lived.

There was a mood of celebration among labor officials as they toasted what many called labor's first big victory in more than a decade.

The AFL-CIO president, John J. Sweeney, called the strike a "wake-up call for Corporate America."

"This is a fight for the future," he declared. Both Mr. Sweeney and Mr. Carey see the UPS strike as a long-awaited antidote to the crushing public defeat labor received 16 years ago, when President Ronald Reagan gave an ultimatum to striking members of the Professional Air Traffic Controllers Organization and brought in permanent replacements for those who did not return to work.

These labor officials argue that the UPS strike was crucial because, for the first time since the air controllers' defeat, organized labor was able to win public support for a major strike.

The union workers were widely seen as the good guys, fighting to raise the living standards of low-paid part-time

See UPS, Page 6



Two women reacting vividly to the emissions from passing vehicles in a Hong Kong street on Wednesday, when the year's worst pollution levels were recorded in the territory, leading to official warnings.

Asia Chokes on Growing Pollution

Study Finds Cost of Environmental Havoc 'Staggeringly High'

By Michael Richardson
International Herald Tribune

For much of the last month, a pall of haze has shrouded Kuala Lumpur and many other parts of peninsular Malaysia, blotting out the sun and prompting official health warnings.

The haze — a recurring problem for Malaysia, Singapore and Brunei in recent years — is caused by smoke drifting from forests being burned and cleared in nearby Indonesia for agriculture. It traps pollution in and around the Malaysian capital, creating a smog blanket that frequently has driven the official air quality index to an unhealthy level.

Kuala Lumpur's air pollution, researchers say, is only a small part of a much bigger problem of environmental

decay afflicting Asia, as increasing population combines with rapid economic growth, urbanization and industrialization to generate an explosive demand for energy and resources.

While many Asian countries are preoccupied with combating currency speculation and the underlying economic weaknesses that the speculators exploit, some economists believe that the damage to the region's natural resources is a more serious long-term challenge to sustainable growth.

A recent study by the Asian Development Bank found that the costs of environmental damage in Asia were already "staggeringly high," and that if the region failed to implement better policies it would "pay even more dearly for environmental negligence"

in the future.

"Without conscious shifts in environmental policy, most of Asia will become dirtier, noisier, more congested, more eroded, less forested and less biologically diverse," the bank said.

"The sustainability of Asia's prosperity could be threatened."

Jeffrey Sachs, director of the Harvard Institute for International Development and one of the two chief coordinators of the bank study, said that although Asia was still on track to becoming the center of the global economy in the 21st century, the positive outlook was far from assured.

"A particularly acute challenge is environmental management," he said. "By many key measures, Asia is now

See ASIA, Page 6

TECH, LIES AND VIDEO CHECKS

Biometrics: Changing Face of Identity Methods

By Saul Hansell
New York Times Service

ARLINGTON, Texas — On a hot summer day recently, Johnny Johnson, a traveling salesman 100 miles from home, stopped at a Texaco station to cash a paycheck because someone knew his face. Or rather, a certain machine knew his face.

Mr. Johnson fed his check into a device that looked like an automated teller machine, and smiled for the pea-sized camera. The device, developed by a check-cashing chain called the Mr. Payroll Corp., compared Mr. Johnson's face with the picture it had on file. They matched and Mr. Johnson was given his cash.

This machine is one of a new batch of devices that identify people through various bodily characteristics

— faces, hands, fingers, eyes, voices, perhaps even smells — using a range of technologies known as biometrics, or the statistical measurement of biological phenomena.

Biometrics has long been the province of spy thrillers and gee-whiz prophecies. But until recently it has rarely been used except to guard, say, the entrance to a nuclear plant or sensitive areas at the Central Intelligence Agency.

But with costs down and accuracy up, biometrics is cropping up all over, verifying the identities of people crossing borders, eating at college cafeterias, applying for welfare, entering housing projects, punching in at factories, picking up children at day-care centers and even going to Disney World.

This raises privacy concerns because these devices

collect a lot of personal data. Already, there is a growing backlash against the use of fingerprints when issuing drivers licenses and cashing checks.

But biometrics also has real potential to protect against thieves and impostors. One of the fastest-growing financial crimes is the theft of identity, with a criminal stealing personal information — like a Social Security number — to tap into someone else's credit or bank account.

"You can say that biometrics is inherently personal and therefore inherently violates my privacy," said Ben Miller, editor of Personal Identification News, a leading trade magazine. "But biometrics can be a phenomenal enhancer of privacy."

See IDENTITY, Page 6

Failed Bank Puts Antigua in Hot Spot

By Larry Rohter
New York Times Service

ST. JOHNS, Antigua and Barbuda — When it opened for business in St. Johns three years ago, European Union Bank marketed itself as the first offshore bank on the Internet and claimed to be the wave of the future.

Now the bank has collapsed, two of its Russian directors and depositors' money have disappeared and the government of Antigua has belatedly issued a fraud alert.

The scandal comes as little surprise to regulators in North America and Europe, who have long warned that the Russian mafia, Colombian drug traffickers and other international criminals

have been laundering money through Antigua's flourishing banking sector.

More than 50 offshore banks are chartered in Antigua, many consisting of little more than a phone and a computer behind a brass plate on an office door.

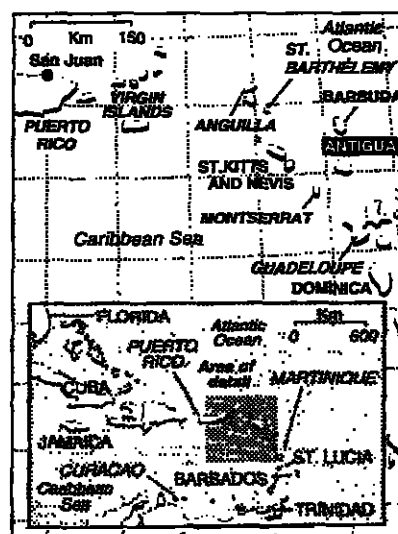
Dominated politically and economically by the Bird family since the mid-1940s, this former British colony 300 miles (480 kilometers) southeast of Puerto Rico has a reputation as a haven for intrigue and dubious businesses, notwithstanding the passage of money-laundering legislation last year.

A recent State Department report describes Antigua as "a weak link in efforts to combat drug trafficking and money laundering" and notes "a surge in questionable banking operations."

European Union Bank was founded in June 1994 as East European International Bank by two Russians, Alexander Kononikhin and Mikhail Khodorovsky. In bank documents on file, both described themselves as brokers of oil, metals and construction supplies and officers of Menatep Bank of Moscow, which U.S. and British officials have said is linked to Russian organized crime.

U.S. officials said Mr. Kononikhin had been arrested in the United States on visa violation charges and was accused of having embezzled more than \$8 million from a Moscow bank. Both men severed their formal connections with European Union Bank, and two other Russians,

See ANTIGUA, Page 6



Warily, the Welsh Move Toward Vote on Legislature

By Warren Hoge
New York Times Service

ABERYSTWYTH, Wales — Listen to a British weather report, and "England and Wales" merge mellifluously into a single place. Pick up a government social

services document, and the cover will often present the two nations as one.

You want to take a train from northern Wales to the Welsh capital of Cardiff in the south? You'll have to go back into England and make a connection.

Wales has long struggled with separating its identity from its larger and more powerful neighbor, and the English haven't been helpful; they have kept the Welsh in their place historically through arms and conquest, and more recently through making sure all the railroads and principal highways run east and west.

Now, London is proposing to ease its control by letting the Welsh have their own 60-member assembly in Cardiff to oversee the spending of \$12 billion in government funds on schools, health care and transportation. The assembly and a new legislature for Scotland are being proposed by the Labour government of Prime Minister Tony Blair. Creating a legislature with taxing

powers in Edinburgh and an assembly with less sweeping authority in Wales was a campaign pledge of the Labour Party that Mr. Blair is hastening to fulfill early in his administration. The Scots will vote on the assembly Sept. 11, and a referendum will be held in Wales a week later.

There is no doubt that the vote will be positive in Scotland, a nation with a strong sense of its identity. Scotland has its own educational, legal and land-holding systems, a reputation for enterprise and commercial competitiveness, and a brave-hearted history of combating the English.

Wales, on the other hand, is less certain of its identity and is wary of its frequent portrayals as a land of harp-strumming bards, rugby-mad lager louts or hard-drinking miners who live in towns with unpronounceable names. It is approaching the vote with doubts.

What we are going to vote about is

more a matter of the heart than the brain," said Jan Morris, the writer, who lives in the northern Wales town of Llanystumdwy.

"There is a great worry here, and it is the apathy of the people," said Mona Morris, a member of the town council and former mayor of Aberystwyth. "There's that little man in the street who thinks, 'Why should I bother, things are fine the way they are.'"

The last time they had the chance, in 1979, the Welsh voted overwhelmingly against having their own legislature. But supporters of the plan, like Mrs. Morris, are hoping altered political conditions will produce a different outcome this year. Eighteen years ago, the Labour government of Prime Minister James Callaghan was limping toward its ouster by the Conservative Party of Margaret Thatcher. Mr. Blair's Labour government is fresh, powerful and popular and

See WALES, Page 5

Arafat Holds Talks With Islamists and Warns Israel

In 'Unity Conference,' He Says Palestinians Could Revive Intifada

By Joel Greenberg
New York Times Service

GAZA — Defying calls to crack down on Islamic militants, Yasser Arafat led a conference of Palestinian factions on Wednesday that included the Hamas and Islamic Jihad groups in a show of unity against the policies of the Israeli government.

The conference demonstrated how the deterioration of Palestinian-Israeli relations and the collapse of peace efforts has drawn Mr. Arafat and his domestic opponents closer in common and even competing denunciations of Israel. Mr. Arafat has sought the backing of the militants in his confrontation with the Israelis, and the Islamic groups have responded, expecting that their support will ward off any moves by the Palestinian Authority to break up their organizations.

Addressing the gathering in Gaza, called "The National Unity Conference to Confront the Challenges," Mr. Arafat warned that the Palestinians were prepared, if necessary, to renew a seven-year uprising against Israel.

"Seven years!" Mr. Arafat declared, referring to the revolt known as the *intifada*. "We can erase and do it over again from the beginning. Nothing is far from us. All the options are open before us."

The uprising broke out in December 1987 and ended with the arrival of the first Palestinian forces in the Gaza Strip and Jericho in 1994 under self-rule accords with Israel.

Mr. Arafat's combative tone, and the presence of Islamic Jihad representatives for the first time at a gathering under his auspices, with other militant factions, reflected the depth and breadth of opposition to Israeli policies now shared by Palestinians across the political spectrum.

A series of Israeli punitive measures, including tight border closures, house demolitions and suspension of financial transfers to the Palestinian Authority, appear to have united ordinary Palestinians of all political stripes behind Mr. Arafat. Many perceive him as standing up to heavy Israeli and American pressure to suppress the militants.

Israel imposed the punishments and demanded that Mr. Arafat crack down on Hamas and Islamic Jihad after twin suicide bombings in a Jerusalem market on July 30 in which 14 people and the two attackers were killed. U.S. officials have backed the Israeli demands, but they have also urged Israel to rescind economic sanctions that are not directly linked to its security.

Israeli officials criticized Mr. Arafat for inviting Hamas and Islamic Jihad to the Gaza conference, asserting that his hosting of groups responsible for bombings that killed scores of Israelis contradicted his commitment to fight terrorism.

Mr. Arafat is "giving the terrorist organizations a stamp of approval," said David Bar-Ilan, communications director for Prime Minister Benjamin Netanyahu.

Although Mr. Arafat and his aides might think that "appeasing, pacifying and placating these organizations will do the trick," Mr. Bar-Ilan added, "they already tried that, and we found that all this dialogue does is give these organizations the respectability and legitimacy which makes it easier for them to continue their terrorist activity with impunity."

But Tayeb Abdel Rahim, a close aide of Mr. Arafat who chaired the conference, rejected the Israeli criticism.

See ISRAEL, Page 6

AGENDA

Channel Tunnel Shuts Briefly for Alert

LONDON (Reuters) — The Channel Tunnel was closed for an hour Wednesday after two freight trains set off fire alarms, the police said.

Both trains were evacuated and searched, but no fire was found and nobody was injured. The alarms were

found to be false, and the tunnel was reopened.

The incident delayed cross-channel Eurostar passenger services for four hours. Officials said the trains were evacuated once the alarms sounded but that traffic was later resumed.

The Dollar			
New York	Wednesday 4 P.M.	previous close	
DM	1.8584	1.8408	
Pound	1.5935	1.506	
Yen	117.88	118.185	
FF	6.2535	6.1995	
The Dow			
Wednesday close	previous close		
+103.13	8021.23	7918.10	
S&P 500			
change	Wednesday 4 P.M.	previous close	
+13.32	839.33	826.01	

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Cyprus	C £ 1.00	Nigeria	125.00 Naira
Denmark	14.00 Dkr	Oman	1,250 QR
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Gibraltar	£ 0.85	Rep. Ireland	IR £ 1.00
Great Britain	£ 0.90	Saudi Arabia	10 SR
Egypt	£ 5.50	S. Africa	R12 + VAT
Jordan	1,250 JD	U.A.E.	10.00 Dh
Kenya	K SH. 150	U.S. Mil. (Eur.)	\$ 1.20
Kuwait	700 Fils	Zimbabwe	Zm \$30.00



Writing Afoul of the Law / Embarrassing Scoop

Reporter Draws Panama's Ire

By Pamela Constable
Washington Post Service

GUSTAVO Gorriti sounds more like a Hollywood cliché than a working journalist. He is a weight lifter, karate expert and former soldier in the Israeli Army. He has been kidnapped by Peruvian intelligence agents, has been detained while tracking Maoist guerrillas and used his prize money from an international freedom-of-expression award to hire bodyguards.

His latest adventure involves trying to hold on to his job. The government of Panama, after enduring a year of embarrassing scoops by the 49-year-old Peruvian reporter and editor, has canceled his work visa and ordered him to leave the country by Aug. 29.

Mr. Gorriti's newspaper, La Prensa, has long been a thorn in the side of Panamanian authorities, and played a pivotal role in opposing Manuel Antonio Noriega, the former dictator.

But the Panamanian authorities say that Mr. Gorriti's expulsion order is a matter of bureaucratic prerogative, not press intimidation. National law bans foreigners from the management of local media, and officials say they are merely complying with the law.

The government, however, may have underestimated the outcry its ejection order would cause. John le Carré, the British spy novelist whose latest work is set in Panama, blasted the government for "committing an act of blinkered folly that world opinion will not ignore."

Mario Vargas Llosa, the Peruvian novelist and politician, has fired off a personal protest to the Panamanian president, Ernesto Pérez Ballad雷斯.

The U.S. Embassy in Panama City put out a statement last week saying that the decision to eject "a world-class journalist such as Gustavo Gorriti raises questions about Panama's commitment to freedom of the press."

Mr. Gorriti is treating the episode with his customary acerbic humor, even after the plot took a more macabre twist last week. According to the Miami Herald, Panamanian authorities allegedly learned of a plot by Peruvian intelligence agents to assassinate Mr. Gorriti, and may have ordered him expelled to make sure the deed did not occur on Panamanian soil.

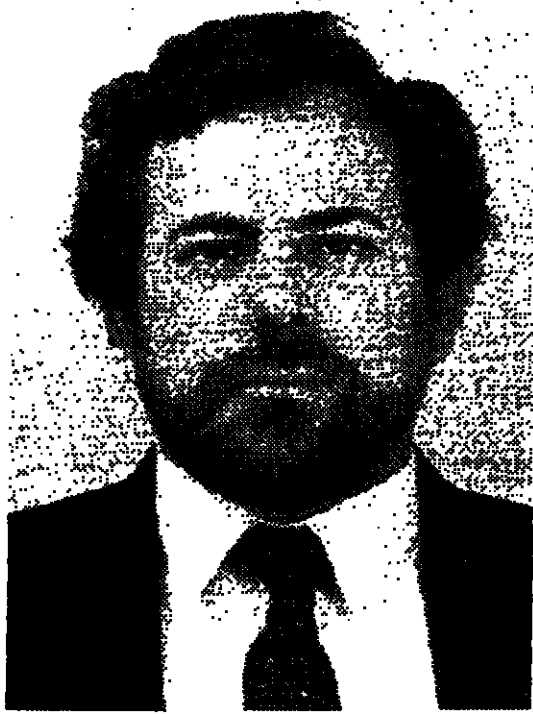
"They didn't want their lawns sprinkled with my brains," Mr. Gorriti said with a snicker, during a telephone interview from his home in Panama City. The journalist professed not to be terribly worried about the supposed plot, saying Peruvian intelligence forces "probably spend hours fantasizing about ways to separate my soul from my body, but there is also an element of the Keystone Kops to them. They are evil and vicious people, but in a cartoonish way."

Mr. Gorriti has long been one of the most aggressive critics of the Peruvian government led by President Alberto Fujimori, especially of the dictatorial tactics used by its courts and military intelligence services. In April 1992,

when Mr. Fujimori staged a coup to retain power, Mr. Gorriti, then working as Lima correspondent for El País, the leading Madrid daily, was seized by the military and secretly held for 36 hours.

After being released, he went back to investigative reporting and hired bodyguards, paying them with money from a press award named after Lillian Hellman and Dashiell Hammett, the gritty detective writer. But after a few months the pressure became too great, so he fled Peru and moved to Washington, where he was a visiting scholar at the Carnegie Endowment for International Peace, and then to Miami, to write books and opinion pieces.

After accepting an offer from La Prensa early last year, he moved with his wife and two young daughters to Panama. There, Mr. Gorriti quickly became a headache for Mr. Pérez Ballad雷斯's government.



The Washington Post

Panama's decision to expel Gustavo Gorriti may have been linked to a plot by Peruvian intelligence to assassinate him for his critical reporting on the regime of President Alberto Fujimori.

His most damaging scoop was a series of articles last year alleging that a Panamanian bank was being used by the Cali drug cartel to launder money, and that one Colombian trafficker had contributed \$51,000 to Mr. Pérez Ballad雷斯's election campaign. The president vehemently denied it at first, but eventually was forced to eat his words and acknowledge the contribution.

"Gustavo infuriates everyone. He is right out of central casting for an investigative reporter. He's the Latin American equivalent of Sy Hersh," said Richard Koster, an expatriate American novelist and political activist who lives in Panama. He was referring to Seymour Hersh, who broke the story about the My Lai massacre in Vietnam and is a former New York Times investigative reporter.

Enrique Zileri, who was Mr. Gorriti's boss for years at Caracas magazine in Lima, described him as having the soul of a war correspondent; he's one of those journalists who lives on the edge all the time," Mr. Zileri recalled how.

Mr. Gorriti had survived numerous brushes with danger while writing about the Shining Path guerrilla revolution in Peru during the 1980s, which was met by brutal military repression.

Indeed, Mr. Zileri joked that Mr. Gorriti's pending expulsion order must be disappointingly tame compared with his previous clashes with authority. "In some ways this is worse, because it doesn't give one a chance to display heroism against one's persecutors. It's too bureaucratic," he said.

In a statement released last week, the Panamanian Embassy in Washington said Mr. Gorriti had "never been the object of persecution by our government, nor has he been intimidated or threatened in any way." The government "firmly supports civil liberties" and freedom of expression, it said, but must also "uphold domestic labor laws."

"We cannot accommodate our laws to appease our critics," it added.



British NATO soldiers taking positions Wednesday in Banja Luka to protect against Bosnian Serb hard-liners.

NATO Guards Serb Police Stations

Compiled by Our Staff From Dispatches

BANJA LUKA, Bosnia. — Heavily armed NATO troops surrounded police stations here Wednesday to back the Bosnian Serb president in her bid to assert authority over her hard-line rivals.

About 350 British and Czech troops in armored vehicles rolled down the streets of Banja Luka and deployed around four police stations and a police academy, the NATO-led Stabilization Force, or SFOR, said.

"SFOR met no resistance. SFOR is in control," Major John Blakeley, a spokesman, told reporters in Sarajevo. "We have deployed sufficient resources to meet any anticipated requirements."

The extraordinary action was taken on "mutual agreement" between Western envoys and President Biljana Plavsic, who met late on Tuesday to discuss the increasingly tense power struggle, the office of the High Representative to Bos-

nia, Carlos Westendorp, said. Mrs. Plavsic has been fighting for months to gain control over the security apparatus run by hard-liners loyal to Radovan Karadzic, the former president and indicted war criminal.

At midday, Mrs. Plavsic paid a triumphant visit to the main police station in Banja Luka, where her newly appointed commanders assumed their posts.

International Police Task Force officers earlier entered the police stations and found large quantities of unauthorized weapons, including machine guns, rocket launchers and mines, the deputy commander, Werner Schum, told reporters.

The North Atlantic Treaty Organization had to bring in extra trucks to cart away all the weapons seized at the police stations.

Western officials said the arms caches indicated that hard-line police may have

been preparing to strike back at Mrs. Plavsic.

NATO officials and Western diplomats said the move was the result of an appeal by Mrs. Plavsic late Tuesday to Robert Gelbard, the U.S. envoy, and the top international official in Bosnia, Carlos Westendorp.

NATO troops had disarmed a pro-Plavsic police unit on Sunday, after it had moved into the central police station in violation of new NATO rules. However, left Mrs. Plavsic vulnerable, sources said.

Simon Haselock, a spokesman for Mr. Westendorp, said an investigation had turned up proof of criminal activity by the pro-Karadzic police, including wire tapping.

With Banja Luka now firmly under Mrs. Plavsic's authority, international police officers hinted that similar operations would be conducted elsewhere in the Bosnia Serb Republic. (Reuters, AP)

Iran's Parliament Approves Cabinet Easily

Reuters

TEHRAN — The 22 ministers in the cabinet of President Mohammed Khatami easily won a vote of confidence in Iran's Parliament on Wednesday.

The speaker of Parliament, Ali Akbar Nateq-Nouri, read out the results of a secret ballot, which showed that a majority of the 266 deputies present supported all ministers. These included two nominees who were attacked by conservatives in two days of debate.

In a message read to the conservative Majlis, or Parliament, after the vote, Mr. Khatami thanked the deputies for their support. The president, who was sworn into office on Aug. 4 after a

landslide election victory in May, has promised to carry out social and economic reforms.

During the parliamentary debate, he spoke out strongly in favor of Ayatollah Mohajerani and Abdollah Nouri, his controversial nominees for the Culture Ministry and the Interior Ministry.

Mr. Mohajerani received 144 votes and Mr. Nouri 153.

Conservatives accused Mr. Mohajerani of being a "liberal" threatening the future of the Islamic republic and Mr. Nouri of showing disloyalty toward Iran's supreme spiritual leader, Ayatollah Ali Khamenei.

Mr. Mohajerani was repeatedly criticized for advocating talks with the

United States in 1990 and for his moderate views. Tehran has had no relations with Washington since 1980.

He told the deputies that he was tolerant in the same way that, he said, Islam was tolerant to different viewpoints.

On Tuesday the nominee was accused by one deputy of being too "culturally tolerant and politically weak-vis-a-vis the West."

The president responded to the attack. "What Mohajerani said today are my own ideas. Whatever was said against him was said against me before the election and do not forget that the people chose my view."

TRAVEL UPDATE

Northwest Airlines Cutting Fares

MINNEAPOLIS (Reuters) — Northwest Airlines said Wednesday that it was cutting fares up to 40 percent in a new program called "Everyday Deals," which will benefit flyers throughout the year.

EVER WONDER...

... what's happened to the symbols of the former British Empire now that Britain has returned Hong Kong to Chinese sovereignty? And to the grand old Legislative Council building and Government House, the seat of colonial power where former Governor Chris Patten and his 24 predecessors lived and entertained their guests behind the imposing iron gates?

Ever wonder who has replaced Queen Elizabeth II on the stamps and coins? Look out for the bauhinia, the flower that symbolizes the new Hong Kong Special Administrative Region.

If you're lucky, you can still find coins bearing the face of QE II: they are already collectors' items.

Government House is likely to become a public art gallery, though the name plaque, temporarily obscured by creeping vines, is still there.

One thing that hasn't changed is Hong Kong's simple entry procedures.

So if you didn't need a visa to come to Hong Kong before, and most nationalities don't, then you still won't need one now.

Victoria Park is one of the few places that will change its name, to Causeway Bay Park, named after the area where it is located. But look carefully and you'll see that the monarch of old still surveys the park from her lofty perch, in Hong Kong, where wonders never cease.

http://www.hkta.org

HONG KONG

wonders never cease

Sponsored by the Hong Kong Tourist Association.

The fourth-largest U.S. carrier said it was slashing fares by up to 40 percent on its 21-day advance purchase tickets and about 30 percent on its 14-day and 7-day advance fares.

Round-trip fares between Minneapolis and New Orleans, for example, would fall to \$398 from \$661. That price would require a 21-day advance purchase and a stay over Saturday night.

The carrier said that normal fares had jumped 62 percent during the last four years.

Subarto Approves Longest Bridge

JAKARTA (AP) — President Suharto has approved a plan to build the world's longest bridge, across the Strait of Malacca between the Indonesian island of Sumatra and Malaysia, his daughter said Wednesday. The cost of the project has not yet been determined, said Siti Hadiati.

At its narrowest, the Strait of Malacca is 50 kilometers (30 miles) wide. A bridge over that portion would be nearly four times longer than the Seto Ohashi in Japan, which holds the record for being the longest bridge at 13.2 kilometers.

Quantas Doubles Flights to China

SYDNEY (AP) — Quantas will double flights between China and Australia to four a week.

Quantas offers a Sydney-Shanghai-Beijing route each Sunday, Tuesday, Thursday and Friday, returning from China on the following days.

Some international flights to the Israeli resort of Eilat will be diverted to Jordan's nearby Aqaba airport next month ahead of a joint airport agreement, an official said Wednesday. Aqaba and Eilat are both Red Sea resorts. (APF)

2 More Die in Falls

While Climbing Alps

The Associated Press

OBERSTADT, Germany — Two more climbers have died in the Alps, raising to more than 60 the number killed so far in the mountain-climbing season this summer, the police said Wednesday.

One man fell after a knot came untied, Bavarian border police said, while the other fell 200 meters (660 feet).

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Asia

Today High/Low

Tomorrow High/Low

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Africa

Today High/Low

Tomorrow High/Low

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THE AMERICAS

'63 U.S. Eavesdropping Told of Castro's Fright

Cables After Kennedy Death Monitored

By George Lardner Jr.
Washington Post Service

WASHINGTON — President Fidel Castro of Cuba appeared "frightened, if not terrified" after the assassination of President John Kennedy because he felt it might trigger a U.S. invasion of his island.

That assessment was sent on Nov. 27, 1963, to a European nation by one of its agents in Havana and intercepted by the National Security Agency. The two-page report was one of dozens of security agency documents made public this week by the Assassination Records Review Board, a tiny agency set up three years ago to try to obtain and make public all records related to the 1963 Kennedy assassination.

According to one document, late in 1963 the agency was intercepting an average of 1,000 messages a day. After President Kennedy's murder in Dallas, it initiated a computer search of all available Signals Intelligence traffic, using the name of the accused assassin, Lee Harvey Oswald, as the main reference point. All U.S.-Cuba traffic also was examined.

The two-page report on Castro's reaction analyzed the Cuban leader's televised speech on the evening of Nov. 23, 1963, in the aftermath of reports about Mr. Oswald's arrest, his pro-Castro credentials and his preassassination attempts to get a visa to Cuba. By nightfall on Nov. 22, the day President Kennedy was murdered, Cuban army and navy units, security agency records show, had already been dispatched to beef up strategic positions around Havana and on the north coast of the island.

On television, "Fidel, emotional and uneasy, tried to refute the accusations which were then appearing and to twist them so that the assassination would

appear as the work of the ultra reaction, of the extreme racists of the Pentagon, who are fanatical supporters of war against Cuba and the Soviet Union," the security agency-intercepted dispatch said.

"Although it was only the third time I had witnessed a speech by Fidel," the European agent reported, "I got the immediate impression that on this occasion he was frightened, if not terrified."

In a 1978 Top Secret memo prompted by the House assassination committee's inquiries, however, the security agency said: "A thorough review has revealed no intelligence material revealing or suggesting Cuban involvement in the assassination of President Kennedy."

Several of the security agency documents were so sensitive that the review board summarized them in its own words. One of these, from January 1964, dealt with reactions of foreign leaders, who, the intercepts said, tended by then to regard the assassination as "the work of a radical fanatic rather than a conspiracy."

Other intercepts reflect a similar progression in the thinking of John McCloy, a member of the Warren Commission. The first, a Dec. 4, 1963, message from a European who had been speaking with Mr. McCloy, quoted him as stating "that he has serious doubts of the credibility of the investigation to date."

Mr. McCloy, the message continued, "does not eliminate the possibility that the attempt on Kennedy was made by two persons."

By late January 1964, however, Mr. McCloy, in a conversation with an East European official, said that "from materials at his disposal, he was more and more convinced that Oswald committed the crime by himself."



Lieutenant Ian Lower of the HMS Liverpool gesturing to a Montserrat port official as the evacuation began.

Britain Starts to Evacuate Volcano Isle

LONDON — Britain on Wednesday began the voluntary evacuation of the Caribbean island of Montserrat, which has lost major parts of its habitable areas to volcanic eruptions.

"It is an orderly evacuation and people are not leaving in huge numbers," a Foreign Office spokesman said.

Those fleeing the volcano on the British colony were being taken by local ferries to the neighboring islands of Antigua and Guadeloupe, where they will be looked after until they decide on permanent homes.

The operation was being marshaled by the British warship HMS Liverpool and there was no indication of how

many of the 4,000 to 5,000 remaining islanders were likely to want to leave.

But Antigua, which has already seen its population of 65,000 swollen by the arrival of more than 4,000 Montserratians over the past two years, is now asking for financial aid to deal with the refugees.

"We want to be helpful to the Montserratians and to the British government but at the same time the British government must help us," Ronald Sanders, London-based high commissioner of Antigua and Barbuda, said.

Antigua has asked Britain to build houses, schools and pay for more teachers to relieve the overcrowding caused by the refugees, who have been arriving at a rate of 50 a day.

It fears that most of the Montserratians will opt to stay in Antigua, which is close enough to see Montserrat on a clear day but safe from the volcano, which has left all but the north of Montserrat off-limits.

The Foreign Office said it was considering Antigua's needs as a matter of urgency.

The remaining islanders are crammed into the north, away from the volcano in the Soufriere Hills in the south, but even the safety of that area is no longer guaranteed.

British officials stressed that the main reason for the evacuation was because the north was becoming unbearably overcrowded.

Donor Says He 'Bought' Official Talks for Chinese

WASHINGTON — The Democratic donor Johnny Chung said he arranged a meeting between a Chinese petrochemical industry official and Hazel O'Leary, who then was Energy Secretary, after giving \$25,000 to her favorite charity.

In an interview on NBC, Mr. Chung said he made the donation to Africare at the request of a lobbyist and an Energy Department official working with Ms. O'Leary. "It will be nice if you make your donation to Africare," Mr. Chung quoted the two as saying. The organization promotes economic development and health care in rural Africa.

Later, Mr. Chung said a man who described himself as an Energy Department official came by to pick up the check. "One gentleman presented himself as the Energy Department official and said, 'I'm here to pick it up, the \$25,000 check,'" Mr. Chung said.

Mr. Chung, a California businessman, is a key figure in congressional investigations of illegal campaign donations by foreigners, mainly Chinese, who allegedly tried to buy favors from the White House.

Mr. Chung's request for a meeting was relayed by the Democratic Party chairman, Don Fowler, according to Carmen MacDougall, a spokeswoman for the Department of Energy. Later, Ms. O'Leary posed for pictures with a group of 10 to 12 Chinese businessmen on Oct. 19, 1995, Ms. MacDougall said.

Ms. O'Leary had met at least one of the businessmen on a trade mission to China, Ms. MacDougall said. She said the official who arranged the meeting denied requesting any donation to Africare. But Ms. MacDougall also said that Ms. O'Leary's successor, Energy Secretary Federico Pena, takes the allegations seriously and has referred them to the department's inspector general.

Supervision Blamed in ValuJet Crash

'Failures All Up and Down the Line,' U.S. Safety Board Concludes

By Matthew L. Wald
New York Times Service

WASHINGTON — A fire begun and nourished by oxygen generators was the cause of the crash of a ValuJet plane in the Florida Everglades 15 months ago, but ultimately the accident occurred because of supervisory failures by the airline and by the Federal Aviation Administration, according to the National Transportation Safety Board.

James Hall, chairman of the safety board, said, "The ValuJet accident resulted from failures all up and down the line, from federal regulators to airline executives in the board room to workers on the shop room floor."

The crash killed all 110 people aboard.

The aviation agency has taken some corrective actions. But board members said Tuesday that some steps, like requiring smoke detectors and fire suppression systems in cargo holds, were not being carried out fast enough and in some other areas the agency was simply not acting.

It has been clear for months that the

ValuJet plane crashed because oxygen generators from three other planes activated in flight after being improperly packed by a contractor and loaded in the cargo hold of the jet.

The safety board gave new details on Tuesday of how the generators had started a fire that reached over 2,000 degrees Fahrenheit, hot enough to melt aluminum and steel.

But in its final meeting on the crash Tuesday, the board's main finding was that the system of self-checking within the industry, and of government surveillance to ensure that quality control were in place, had fallen apart in the case of ValuJet. And ValuJet needed supervision most, board members said, because it did not use the traditional system of performing its own maintenance work, but instead farmed out almost everything.

Most of the technicians who first mis-handled the generators, as they were removed from other planes, were not ValuJet employees or even employees of the repair shop that the airline had hired; they were contractors hired by the shop. Two-thirds of them were un-

POLITICAL NOTES

Democrats Seeking Electoral Winners

SOPERTON, Georgia — If Democrats are going to recapture the House next year, they will need more candidates like the Georgia State Court judge, John Ellington.

"I'm a Georgia Democrat," the enthusiastic 36-year-old said as he sat in his chambers in the red-brick Treutlen County Court House in this small south Georgia town. "On social issues, I'm as conservative as any Republican."

In short, he is just the person party officials believe can unseat the two-term representative, C. Saxby Chambliss, one of the 40 or so House Republicans the Democrats are targeting for defeat. And 15 months before the election, Mr. Ellington, swayed by an aggressive recruiting effort, has agreed to run.

In 1998, Democratic officials do not want to wake up after the election with the same feeling they had last year: that their failure to find enough good candidates helped marginal Republican contenders slip into office. In the end, the Democrats fell just short of regaining the House despite a multimillion-dollar barrage of negative television ads and voter antipathy toward congressional Republicans.

Democrats say they have learned their lesson. To find the strongest challengers this time, Democrats are stressing what they call "research-based recruiting" — using demographic data to build a profile of the type of candidate who would be best-placed to win a particular district. Once that profile is cast, they set out to find a person who matches it. (WP)

A Happy Birthday For Mr. President

EDGARTOWN, Massachusetts — A year ago thousands of people paid a total of \$10 million to the Democrats for the privilege of either celebrating President Bill Clinton's 50th birthday with him or watching the celebration via satellite in remote places across the country.

But with his last presidential campaign behind him, Mr. Clinton opted to make his 51st birthday Tuesday a strictly invitation-only affair here in the weathered gentility of Martha's Vineyard elite society, where he has retreated for vacation.

The president spent a quiet day with his family on the 20-acre (8-hectare) estate where they are staying, and attended a party in his honor Tuesday night at the 19th-century farmhouse of the actors, Ted Danson and Mary Steenburgen, close friends of the Clintons. There were some 75 guests there, including Carly Simon, William Stryker, Merv Griffin and Katharine Graham.

The president, appearing briefly before reporters, was asked how he felt about getting a year older. He said, "I feel very blessed, and I'm very fortunate to be here. As far as I know, I'm in good health, and the country's doing well." (NYT)



A policeman clutching his gun as he is carried from the site of a shoot-out on the New Hampshire-Vermont border.

Away From Politics

• A man with a grudge against a judge killed her, two state troopers and a newspaper editor during a three-hour rampage in that ended when he was killed in a shoot-out in New Hampshire. Four law officers were wounded. (AP)

• A man who terrorized a couple in 1987, raped their pregnant teenage daughter and killed her 12-year-old

handicapped sister by slashing her throat was executed in Iowa by injection. (AP)

• After studies showed jet pilots were being worked dangerously hard, the U.S. Air Force sharply curtailed the number of major flight competitions and canceled a large training program. (NYT)

• A Seattle grand jury indicted six Canadians in a plot to defraud older Americans with illegal lottery tickets. (AP)

FBI Checks Rights Violations in Texas Prison

The Associated Press

HOUSTON — A videotape showing guards kicking inmates in the groin, setting dogs on them and shocking them with stun guns has led to an FBI investigation into possible civil rights violations.

The videotape, shot by a Brazoria County sheriff's deputy for training purposes, emerged from a lawsuit filed by one of the inmates and was shown on television Tuesday.

"The conditions in Brazoria County, from what I hear, were appalling," Governor George Bush said. "The law will rule. Let's get the facts on the table."

The videotape has led Missouri to terminate its contract to house 415 inmates in the Brazoria County Detention Center in Angleton, about 40 miles (65 kilometers) south of Houston.

The tape showed a dog attacking at least two inmates, one of whom

screamed in pain as he was bitten on the leg. It also showed a stun gun being used on at least one inmate, deputies in riot gear dragging an inmate with a broken ankle by his arm and at least one prisoner kicked in the crotch while crawling.

An FBI spokesman, Rolando Moss, acknowledged Tuesday that the agency was investigating the Sept. 18, 1996, incident, but refused to elaborate. The FBI will give its findings to the U.S. attorney's office, he said.

drawing and "give the foot a fair shot." Perhaps, he said, it may look merely "like a \$100,000 foot." For that price, said Mr. Simpson, who wants to build the sculpture in marble or granite, the mayor might have to settle for tin — or something inflatable. As it stands, the foot remains up in the air.

Short Takes

The best place for a college party has moved from Florida to the hills of Appalachia, it seems. West Virginia University, in Morgantown, is rated the nation's top party school in a survey by The Princeton Review. Last year's top party school, Florida State University, dropped to sixth in the annual survey, behind WVU, the University of Wisconsin-Madison, State University of New York at Albany, the University of Colorado-Boulder and Trinity College in Hartford, Connecticut.

Instead of a rain of white rice after the wedding ceremony, it was a fragile fluttering of butterflies, their wings beating orange and black. "It was fabulous," said Diane Doherty of Longmeadow, Massachusetts, who freed five dozen monarchs at her daughter's wedding. The prac-

tice is not cheap — Mrs. Doherty spent \$500 — but breeders say sales are soaring as people catch on to the idea of using monarchs or yellow-and-black eastern tiger swallowtails to add beauty, mysticism and a touch of whimsy to weddings, birthdays or other occasions. The butterflies are shipped overnight, arriving in envelopes that participants open. Though some animal rights groups have protested, growers insist they take care in feeding and packing butterflies.

In Briefs

Fall is the biggest selling season for male underwear; last year, 2.5 million pounds (1.1 million kilograms) of men's briefs were sold. With stakes that high, one of the biggest manufacturers, Fruit of the Loom, has decided to spend \$2 million to offer a pair of its briefs — a 3-inch-wide (7.5-centimeter-wide) pair — in each copy of the Sept. 4 Rolling Stone magazine. The ad campaign behind the campaign, Laughlin/Constable of Milwaukee, has found in its test runs that people like to put the mini-briefs on their hands and walk them around or use them as soda can holders.

Brian Knowlton

AMERICAN TOPICS

For \$400,000, This Sculpture Is Too Arch

In San Francisco, a small but vocal group of critics is fighting a plan to build a \$400,000 sculpture that resembles a big foot.

Buster Simpson, a Seattle artist, has spent six months designing the sculpture for the city's arts commission. But some city officials, including Mayor Willie Brown, are unimpressed.

The sculpture — a foot resting on its toes to show "the motion of the foot embarking on land" — would stand near the site of an elevated freeway that was destroyed in the 1989 earthquake. That catastrophe and San Francisco's reputation as a pedestrian city make a foot appropriate, Mr. Simpson said.

Mayor Brown said he had a hard time visualizing a foot worth hundreds of thousands of dollars but wanted to see a

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ASIA/PACIFIC

China Targets Corruption

Children of the Elite Get Harsh Punishments

By Rone Tempest
Los Angeles Times Service

BEIJING — He was one of China's flashiest young playboys, sporting around the capital in a BMW and using connections provided by his powerful father to cut dubious business deals and entertain hundreds of guests at lavish banquets.

Now Chen Xiaotang is in prison, serving a 12-year sentence for accepting bribes and "diverting public funds," officials of the Beijing court system said Tuesday.

As the ruling Communist Party prepares for a critical party congress next month, Mr. Chen, son of the disgraced former Beijing party chief and Politburo member, Chen Xitong, is being held up by the Communist leadership as an example of its determination to eliminate widespread abuse of power by the sons and daughters of the elite.

Opinion polls list official corruption and nepotism by party officials as one of the main public complaints against the country's leadership. As it prepares to enter its second half-century of rule, marked by the 15th party congress next month, the party leadership is intent on showing it is serious about cracking down on corruption.

According to a Beijing Supreme Court spokesman, Chen Xiaotang, 41, was sentenced in a closed hearing June 28 to six years in prison for accepting bribes and seven years in prison for misuse of public funds. According to the spokesman, the sentence was rounded down to 12 years. Mr. Chen was also deprived of his political rights for three years.

The sentence, although substantial, was still less than those given by Chinese courts in many political cases. Chen Xiaotang was convicted for his involvement in a scheme that allegedly involved the misappropriation of more than \$24 million in public funds.

The celebrated political dissident, Wei Jingsheng, was sentenced in late 1995 to a 14-year prison term for his writings advocating democracy. In 1979, Mr. Wei was sentenced to a 15-year term for "counter-revolutionary" writings that would be considered mild opposition by most international standards. And last year, a student political activist, Wang Dan, an organizer of the 1989 student democracy movement in Tiananmen Square,

received a 12-year sentence on charges of "subverting the state." His alleged crimes included taking a correspondence course from the University of California.

The Chen corruption case is important because it is one of two recent high-profile prosecutions of China's "princelings" — the name used to describe the privileged children of the Communist Party leadership. Former president of a Chinese-Japanese luxury hotel here, Chen Xiaotang was notorious for accepting bribes in exchange for purported political favors.

According to a rare expose in the Chinese press — a 1995 article in Southern Weekend, a Communist Party newspaper published in Guangdong Province — Mr. Chen reportedly demanded \$93,000 to arrange an audience with a senior government official. He also reportedly diverted money to his father's mistress and helped her escape to Hong Kong when the corruption scandal broke two years ago after the suicide of a Beijing deputy mayor implicated in the case.

Mr. Chen was detained in 1995, but details of his prosecution and sentencing were not publicly revealed until Tuesday.

In another high-profile case, Zhou Beifang, son of a senior industrialist and influential party member, was sentenced to prison last year for graft. His father, Zhou Guanwu, longtime chairman of the massive Beijing steelworks, Capital Iron and Steel, and a crony of the late Chinese leader, Deng Xiaoping, was forced to resign after his son's arrest.

Significantly, the government's harshest punishment in the corruption crackdown has been reserved for sons of prominent fathers.

Chen Xitong, the former mayor and Communist Party chief in Beijing who ruled the capital for 12 years, and the chief of Capital Iron and Steel, Mr. Zhou, are both reportedly under house arrest. According to Reuters, internal party documents link both of them to corruption cases involving millions of dollars in misappropriated public funds.

So far, however, the government has not announced any criminal prosecution or sentencing of the two fathers. Critics contend that the true test of the government's — and the Communist Party leadership's — seriousness in rooting out corruption will come when men of this level take the fall.

China Launches Manila Satellite

BEIJING — China successfully fired a Philippine communications satellite into orbit early Wednesday aboard a Long March 3B

rocket after a series of high-profile launching failures.

Chinese space officials said the 3.7-ton orbiter, owned by Mabuhay Philippine Satellite Corp., was op-

erating normally after being launched from the Xichang space base.

China had been banking on a successful launching to restore confidence in its space industry after a series of disasters that included the February 1996 loss of the first 3B and its U.S.-built Intelsat 708 satellite payload.

"After this success, we feel really happy," said an official of China's Great Wall Industry Corp., which handles commercial space launchings for foreign firms.

"We always feel extremely worried about launchings because they involve high technology and high risk," the official said.

The launching of the first orbiter to be controlled by a Philippine-led consortium had been delayed at least three times in recent weeks by poor weather.

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THE WORLD'S DAILY NEWSPAPER

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THE WORLD'S DAILY NEWSPAPER

Fighting in Cambodia Spills Over Into Thailand

The Associated Press

CHONG CHOM PASS, Thailand — Factional fighting in Cambodia spilled across the border Wednesday into Thailand as shells struck a Thai village.

No one was hurt in the village, but Thai soldiers who had been put on alert as the fighting neared the border took shelter inside bunkers. In Cambodia, government troops tried to destroy a resistance artillery base at the nearby village of O'Smach while shells thundered along the frontier.

Two rockets landed about 275 meters inside Thailand, prompting the Thais to fire two warning shots back across the border. Mortar rounds hit the center of a small village a few hundred yards from Thailand, leading Thai commanders to call for reinforcements.

As many as 5,000 troops loyal to the deposed co-prime minister, Prince Norodom Ranariddh, were spread across a 25-kilometer (15-mile) front, according to Boonthon Yen, an official from Prince Ranariddh's party.

The government of Hun Sen, who ousted the prince in a coup last month, has massed 7,000 troops at O'Puok, 6 kilometers inside Cambodia. From there, they have been encircling O'Smach, the largest town still controlled by Prince Ranariddh's troops, according to Thai Army officials.

Thai Army officials said they expected O'Smach to fall by Thursday if not sooner. But Mr. Hun Sen's forces have been taking heavy casualties, according to the Thai regional commander, Major General Chirarak Prommopakorn.

Boonthon Yen said small contingents of government troops were attacking opposition forces at many points along the front, but he said opposition soldiers were retaliating with machine guns, rocket-propelled grenades, artillery and mortars.

Also, Khmer Rouge guerrillas were laying land mines behind Mr. Hun Sen's troops to booby trap them if and when they retreat, he said.

About 300 more refugees fled to Thailand on Wednesday to join the 35,000 who crossed the border safely since the fighting intensified Monday.

In the weeks since the July coup, Mr. Hun Sen's forces have pushed Prince Ranariddh's men back more than 180 kilometers to O'Smach, where the opposition is making a desperate final stand.

Prince Ranariddh, who is abroad, said Wednesday that he was the legal first prime minister under Cambodian law. He said all changes brought about by Mr. Hun Sen's coup were "illegal."

Politician on Trial In Singapore Denies Intent to Defame

Reuters

SINGAPORE — Joshua Jeyaretnam, the Singapore opposition leader, denied Wednesday that he intended to defame the island's rulers, who have hit him with a series of libel suits, and said that his trial was an attempt to drive him out of Parliament.

Mr. Jeyaretnam, 71, testified that he said at an election rally that a police report had been filed by a Workers' Party colleague against Prime Minister Goh Chok Tong and other members of the governing People's Action Party.

But he told the High Court that he had no detailed knowledge of the contents of the report, which accused Mr. Goh of criminal conspiracy and lying.

"I think this is politically motivated to keep me out," he said a day after Mr. Goh took the stand and denied that the 11 defamation suits against Mr. Jeyaretnam were intended to bankrupt the Workers' Party leader and thus bar him from Parliament.

The suits by Mr. Goh, former Prime Minister Lee Kuan Yew and nine other leaders of the People's Action Party stemmed from the general election campaign in December in which they strongly attacked a Workers' Party candidate, Tang Liang Hong.

They accused him of being an "anti-Christian, Chinese chauvinist," who endangered racial harmony in Singapore.

Mr. Tang filed police reports accusing them of lying and criminal conspiracy. Mr. Jeyaretnam announced that Mr. Tang had filed the reports at the last rally before the vote Jan. 2. The People's Action Party won 81 of Parliament's 83 seats.

Mr. Goh's lawyer, Tom Shields, said that everyone in Singapore knew just what Mr. Jeyaretnam was talking about when he made the announcement.

The case was adjourned at the lunch break — earlier than expected — until Thursday. There was no immediate explanation for the early recess.

Mir's Ordeal

By W. H.

NEW YORK

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INTERNATIONAL

Mir's Ordeals: Valuable Lessons for U.S.

By William J. Broad
New York Times Service

NEW YORK — Big rockets can launch warheads as easily as they can put astronauts into space.

And throughout the space age they have been used interchangeably for such wildly dissimilar jobs.

This fact of technological life is

NEWS ANALYSIS

one of the main reasons that Washington puts up with the tragedy of Russia's troubled Mir space station.

As Mir has lurched from glitch to near-disaster, Americans who watched NASA astronauts join their Russian counterparts on the station wondered why the space agency would put them in a situation so seemingly unsafe.

The answer may be that NASA — and the U.S. government — have a lot riding on the Russian program.

After the nightmare of the Cold War, Washington wants to do all it can to help the shaky Russian economy, especially its aerospace component. The United States wants to encourage Russia to use its aerospace brain for constructive rather than destructive ends. In particular, it wants to discourage the Russians from selling big rockets to countries that might use them for nuclear war and blackmail.

Many in official Washington, especially Vice President Al Gore, have forged cooperative links between Mir and the American space program and work hard to keep the bonds strong.

When the cooperative program got under way, the United States

provided cash incentives and when things go awry, they look the other way.

These costs are considered small compared to the political, economic and technical benefits.

"Mir documents the possibility of big changes in the relationship of countries that used to be enemies," a White House official said.

American astronauts gain valuable experience on Mir, he said.

Perhaps no one in Washington has worked harder on the Mir conundrum than Daniel Goldin, head of the National Aeronautics and Space Administration.

"You can't make this unbelievable transition from pointing weapons at one another to working together without bumps in the road," Mr. Goldin said in June 1995.

Space Station Crew Makes Fix And Sun Gives Power Again

Reuters

KOROLYOV, Russia — The crew of Russia's ailing Mir space station cleared the way Wednesday for vital repairs by realigning the spacecraft on the sun, Mission Control officials said.

The Mir began spinning on Monday when its solar panels failed, preventing its main computer from drawing solar energy to power the 11-year-old station.

The two Russian cosmonauts and one American astronaut on board succeeded in starting all the working gyroscopes: gyroscopic devices that automatically orient Mir to face the

sun. "They have put 10 gyroscopes into action," said a Mission Control spokesman, Valeri Lyndin.

The crew managed to re-establish the correct orientation late Tuesday by using booster rockets, but this process uses up precious fuel.

Earlier Tuesday, they replaced a faulty data processing unit in their computer, thereby halting a 24-hour tumble through space.

The computer breakdown on Monday during a docking procedure between Mir and an approaching cargo ship made it necessary to switch off all but vital life-support systems and rely on batteries.

lion contract for space hardware and launching services. Not coincidentally, Moscow gave in to American calls for it to drop a planned sale of advanced rocket engines to India, which Washington viewed as dangerously destabilizing in the tense subcontinent.

As a warm-up to the international station, shuttle astronauts are now making a series of seven visits to Mir. Five have occurred so far. The final visit is to end next June, just as work gets under way on the bigger outpost.

These are the early phases of the long-term marriage of the U.S. and Russian programs, said John Logsdon, director of the Space Policy Institute at George Washington University. "And it's a bargain in programmatic terms, aside from the broader geopolitical security elements."

If all goes well, the East-West collaboration will lead to an outpost weighing 470 tons with a length of 356 feet (110 meters).

It will provide scientists a base to study the heavens, the Earth and unknowns like physiological response to extended periods of weightlessness. These are vital bits of information if people are ever to venture to distant worlds.

The big station is meant to last at least 10 years and will cost about \$50 billion to build and maintain.

The woes of the 11-year-old Mir have raised questions about whether it should be abandoned in favor of the big outpost, which is expected to be safer. But many analysts predict that the new international station will have its own accidents and dangers, some of which could be major.

It's Not Funny, Russian Space Officials Protest

By Michael Specter
New York Times Service

MOSCOW — After enduring six months in which Russia's Mir space station has been savaged by folly and tormented by fate, the can-do face of Mission Control finally cracked.

"We used to change Mir's computer parts after their technical life expectancy ran out," Viktor Blagov, the deputy flight chief, said bitterly as the crew members 150 miles (240 kilometers) above him finally managed to repair the computer that had sent the station whirling blindly around in space. "Now because of problems with money, we must use each part until it dies."

He and other officials of the Russian Space Agency, all of whom have grown weary of seeing their work treated as a running cosmic gag, said that parts of the main computer that drives the world's only manned space station have not been changed or repaired in all the 11 years Mir has been in orbit.

While that may not be quite as shocking as it sounds — the computer has a specific task and it can still perform it with little problem — nobody

on earth is happy about it. "When they were installed they were the top of the line," said the program's chief computer expert, Vladimir Banets, about the systems on the spacecraft. "But if you are talking about power or memory, I am sure they are even less than what you have on your desktop."

The apparently spontaneous decision Tuesday to end the long silence reflects Russian space officials' growing frustration with the problems of the Mir and the attention they received.

The station has had more scrutiny in the past six months — since a fire on the spacecraft in February and a nearly calamitous collision with a supply ship in June — than at any other time in the last 11 years.

Most of the problems the Mir has faced this year, like oxygen generators that have failed and docking mistakes, have happened dozens of times before.

But when errors happen now, the world is watching.

That has started to drive the Russians crazy. The style of the Russian space program mirrors the style of the nation.

It looks haphazard but it is not. It is functional. Frills, bells and whistles are for the United States and NASA's space shuttle. The Mir has always been a proletarian spaceship, put up there simply to get the job done. Yet, even that simple goal has suddenly become difficult to achieve.

"We are saving a lot of money the way we work," said Mr. Blagov, who has informally assumed the role of a spokesman for the mission — mostly because he is always so willing to speak. "But soon we really have to decide if we need safety or whether we need to save money."

On Saturday, the commander of the just replaced crew, Vasili Tsibilyev, who was criticized for the problems while he was aboard, also blamed lack of money.

He said that factories that made special parts for the space ship no longer operate, and that those that do charge too much for the parts.

President Boris Yeltsin, who like many Russian leaders sees the failures of Mir as a metaphor for a lack of direction in modern Russian society, promised this week to produce all the money that the program needs.

Yeltsin Assails Critics Of Deal in Kidnapping

The Associated Press

MOSCOW — President Boris Yeltsin lashed out Wednesday at a senior Russian security official and a television executive who criticized efforts to free kidnapped Russians in Chechnya.

"It is inadmissible to speak in such language," the president told a Kremlin meeting of his Security Council.

Five Russian journalists, including a prominent correspondent for the independent station NTV, were released earlier in the week on the eve of talks between Mr. Yeltsin and the Chechen leader, Aslan Maskhadov.

While both Russia and Chechnya claimed credit for freeing the journalists, the NTV president, Igor Malashenko, said his station had paid at least \$1 million in ransom. He said that the Russian government had failed to protect its citizens, and charged that top Chechen officials were involved in the kidnappings.

"President Maskhadov is either too weak and cannot help in the release of hostages," the NTV chief said.

Kremlin Worried by Evidence Of U.S. Influence in Caucasus

Reuters

MOSCOW — President Boris Yeltsin said Wednesday he was concerned by increased U.S. influence in the Caucasus, a region long seen as strategically vital to Russia.

He said that "already the United States is declaring" that the Caucasus "is in their zone of interest. Our interest is weakening but the Americans, on the contrary, are beginning to penetrate this zone and, without reservation, declare this."

In televised remarks during a session of Russia's Security Council, Mr. Yeltsin said that a settlement for the region "must respond to the interests of our national security; we have a right to count on understanding on this point from the international community, and this is the task of the Foreign Ministry."

He said increased U.S. involvement in the region was just one of a "series of new worrying tendencies" in the Caucasus, which includes the breakaway province of Chechnya.

"The situation there is being sorted out extremely slowly," he said. "The northern Caucasus remains an explosive region and serious additional measures and efforts are needed."

Mr. Yeltsin said the Foreign Ministry, Federal Security Service, successor to the KGB, and other state organs needed to coordinate their work better in the region in the wider interests of national security.

WALES: A Wary Nation Debates Referendum

Continued from Page 1

is dedicated to winning support for the referendum as part of its overall plan to decentralize power in Britain.

Locals who are stumping for a "yes" vote include writers, poets, actors, sports figures, the Archdruid of Wales and members of rock groups like Super Furry Animals and Manic Street Preachers. They say the assembly is the only way that Welsh problems will get the attention they deserve.

The most ardent backers are Welsh nationalists whose desire to be taken seriously as a nation is centered on the fact that they have their own language: the pre-Roman Welsh tongue that is spoken by an estimated 550,000 of the population of 2.9 million.

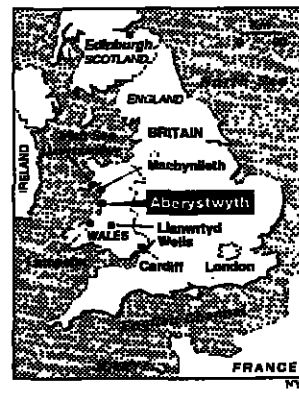
"I know it sounds like a very, very vague basis on which to consolidate a political movement, but while it is insignificant to British his-

tory and culture, it is crucial to ours," said Lyn Lewis Dafis, curator of photography here at the National Library of Wales.

There was a time when a child overheard speaking Welsh in a school playground was censored by teachers and forced to wear a necklace with the wooden letters "WN" standing for "Welsh Not." Today Welsh is taught widely in elementary schools, even in heavily Anglicized parts of the country in the south, and a television channel broadcasts in the guttural tongue.

An American visitor to Machynlleth tried his pronunciation of the town on a cab driver and was told, "You just have to scrape your throat a little more."

In Aberystwyth one recent evening, a merrily raucous group filled the Coopers Arms, a nationalist beer-drinking spot, to hear fiddlers and harpists play folk music



and to plan a weeklong march down the coast.

"Wales is becoming a political unit for the first time," said Dafydd Lewis Morgan, administrative officer of the Welsh Language Society.

The claim was rejected by Eva New, an English anthropologist married to a retired British diplomat from Wales who lives in the market town of Llanwrtyd Wells and who is the mid-Wales coordinator of the "Just Say No" campaign.

"My concern is for towns like this, towns that have been kept alive by the English who come here to live and who support local institutions," she said.

She argued that the costs of the new bureaucracy would be passed down to individuals and would end up driving more Welsh out of the country and removing the economic advantages that bring people of means to Wales.

The influx has not helped dispel media stereotypes of the Welsh, which rankle locals. Dylan Iorwerth, editor of the Welsh language current affairs weekly, Golwg, claimed that British newspapers, films and television always featured the same Welsh character.

"He's a cheerful chap, all heart and no brains, sometimes clever and cunning, but always deeply flawed," he said.

Mr. Iorwerth included Shakespeare among the villains. "Fluellen is amusing and brave," he said of the jocular Welsh soldier in "Henry V." "But you wouldn't ever ask him to run anything."



Mr. Jospin entering the cabinet meeting Wednesday; he later called it "excellent."

First Clash in Co-Habitation

Chirac Attacks Government's Jobs Plan for Youth

Agence France-Press

PARIS — President Jacques Chirac clashed Wednesday with his Socialist prime minister, Lionel Jospin, over a Socialist plan to create jobs for young people in the public sector.

It was the president's first open challenge to Mr. Jospin since his governing conservative alliance lost the early elections he called for June 1. Mr. Chirac intervened at a cabinet meeting, the first since France's summer holidays, after Employment Minister Martine Aubry presented her job-creation bill, which is to be debated in Parliament next month.

While acknowledging that "youth employment is everyone's priority," the Gaullist president said he feared "massive creation of permanent jobs in the public sector."

France holds the record among industrialized countries for jobs financed out of public resources, Mr. Chirac said, adding that he favored job creation in the private sector.

More than 3.1 million people are unemployed in France, for a 12.6 jobless rate, and Mr. Jospin's main promise during the campaign was to create jobs for the young.

The youth-employment legislation is the first stage of a Socialist jobs-creation plan and calls for 350,000 new public sector jobs over three years. The second stage calls for 350,000 new jobs in the private sector and will be drafted at a national conference in September 1998 that will also debate a plan to cut working hours without loss of pay.

Mr. Jospin said the cabinet meeting had been "substantial" and "excellent," adding that the president had spoken about "international questions, also youth employment and a word on national service."

In 1995, Mr. Chirac announced plans to end conscription and professionalize the French armed forces. The new Socialist-led government has said it plans no changes in the essentials of that program.

Abortion Debate Precedes Pope

Agence France-Press

PARIS — Fifty young people from the World Youth Days Catholic festival invaded a hospital Wednesday in an anti-abortion protest as a controversy raged over Pope John Paul II's plans to visit the grave of an anti-abortion geneticist.

Chanting anti-abortion slogans to hymn tunes, the young people of various nationalities, who were accompanied by 10 children, said they were part of a group named after Jerome Lejeune, an anti-abortion campaigner whose grave the pope will visit Friday.

The group, saying they were "survivors of legalized abortion," moved into Ambroise Pare hospital at Boulogne-Billancourt, west

of Paris. The hospital director Olivier Colin said he had no plans to call the police.

Meanwhile, one of the parties in France's ruling left coalition urged the Pope on Wednesday to call off his planned visit to Mr. Lejeune's grave.

The small Socialist Radical Party, which has three cabinet ministers, said the pontiff's visit to the grave of his friend and former adviser on moral matters was "a provocation."

Mr. Lejeune founded a French anti-abortion group. The secretary-general of the Socialist Radical Party, Jean-Marc Sabathe, said the Pope's gesture appeared to be "a deliberate attempt to legitimize" commando actions by anti-abortion groups against abortion clinics and

hospital gynecological wards in violation of the law.

The pontiff arrives in France on Thursday to take part in the 12th World Youth Days, which has attracted young Catholics from 160 countries. On Friday he will visit the grave south of Paris of Mr. Lejeune, who discovered the gene that causes the most common form of Down's Syndrome.

The church hierarchy has claimed that the Pope's visit to the grave is "strictly private."

The French Family Planning Movement has denounced the Pope's visit to the grave as a "provocation against women and families," who have been told their unborn child has the incurable Down's Syndrome.

BRIEFLY

Paris Halves Bus Fares During Pollution Alert

PARIS — The Paris transport authority is to halve fares on buses and underground and local trains for the next two days to encourage motorists to use public transport during a pollution alert, the Transport Ministry said Wednesday.

Paris has been plagued for a week by high ozone levels because of car exhaust fumes and a heat wave. Police have lowered speed limits and urged drivers to leave cars at home.

Pollution again reached "level two" Wednesday in Paris and the country's second largest city, Lyon. Level two is the midpoint on the official scale and one step below the "level three" alert requiring mandatory curbs on private cars and free public transport in large cities. (Reuters)

Germany Pledges More To Holocaust Victims

BONN — Pressured by Jewish groups who say time is running out, Germany agreed Wednesday to consider offering more compensation to Holocaust survivors in Eastern Europe.

Israel Singer, chief Jewish delegate in talks with German officials, said the outcome raised hopes for a "just and honorable settlement" for a rapidly thinning group of victims. A panel of German and Jewish officials will be set up and told to deliver an accord in three months. Chancellor Helmut Kohl's chief of staff, Friedrich Bohl, said after the talks. Germany has paid about 100 billion Deutsche marks (\$54 billion) to survivors of the Nazi regime. (AP)

ETA Orders Politician To Quit Region or Die

MADRID — A month after Basque separatists shot and killed a city councilman in northern Spain, triggering nationwide protests, they are threatening to kill another

politician unless he leaves the region. Joaquin Pascual, a Socialist city councilman in Pamplona, vowed Wednesday to ignore the demand. Mr. Pascual received the threat in the mail.

"We are not going to allow people like you to live tranquilly in this greater Basque region that you try to destroy," the letter said. The letter, dated Aug. 12, was purportedly sent by the separatist group ETA and warned Mr. Pascual he had 30 days to leave the region or suffer measures that "have already had strong results." (AP)

Yeltsin Urges Amnesty For 500,000 Convicts

MOSCOW — President Boris Yeltsin has urged Parliament to support an amnesty for nearly a half-million convicts to help alleviate conditions in Russia's overcrowded jails, the Kremlin press service said Wednesday.

Mr. Yeltsin's proposal would grant an amnesty to about 445,000 people. Of these, 35,000 people would be released from prison or labor camp, and a further 60,000 would have their sentences shortened, it said. About a million Russians are in jail. (Reuters)

Peasants Party Shakes Coalition in Poland

WARSAW — Poland's ruling coalition virtually collapsed Wednesday, a month before parliamentary elections.

Prime Minister Włodzimierz Cimoszewicz looked set to stay in office until the election, despite the falling out between his ex-communist Democratic Left Alliance and its Peasants Party allies.

But the cabinet crisis could throw open party negotiations expected to follow the Sept. 21 vote. The split in the four-year-old coalition broke in the open Tuesday when the Peasants Party, the smaller partner, submitted a motion asking Parliament to dismiss the prime minister because he had blocked advance payments to farmers for this year's grain harvest. (Reuters)

INTERNATIONAL

Explosion of Violence in Kenya Stirs Fears of Electoral Mayhem

By Stephen Buckley
Washington Post Service

MOMBASA, Kenya — Tribal tensions, fueled by land rights issues and an increasingly charged political atmosphere, have exploded into violence in Kenya's second city, leaving at least 39 dead and scores injured.

This month's killings, the latest round of unrest to jar this relatively stable East African country since late May, have alarmed opposition activists and politicians, who fear that Kenya is about to repeat the kind of brutal ethnic clashes that preceded its first multiparty vote in 1992.

The nation is expected to hold its second multiparty elections before the end of this year.

The opposition has accused the government of supporting the violence to shore up support for this year's presidential election and to try to derail a movement for constitutional and other legal reforms.

"This looks too much like 1992," said Gibson Kuria, a prominent human rights lawyer active in the movement for constitutional reforms. "The violence is aimed at certain ethnic communities, the government's response has been lukewarm, and the violence we're seeing has had the same kind of brutality."

Kikuyu, Luo and other groups who have lived here in the coastal region for decades. Marauding gangs of between 200 and 500 people have used guns, clubs, machetes, and bows and arrows in their attacks, which began last Wednesday.

They have burned homes and businesses and hacked off people's limbs. They have killed at least nine police

officers. Signs of tension are everywhere. Trucks bounce along, stuffed with fleeing families' belongings. Police crowd corners, checkpoints and roadblocks are up throughout the city. Hundreds of merchants have abandoned their rickety wooden kiosks.

Opposition activists and politicians have alleged that the ruling party, the Kenya African National Union (KANU), is distracting citizens with violence to try to stifle support for constitutional reforms.

Thus far police have arrested at least one KANU activist in connection with the unrest, and more than 100 other people are being held in custody. In recent months several ruling party politicians have exhorted indigenous Mombasans to force outside groups back up country.

The opposition also has accused KANU of seeking to bolster Moi's position here by pushing out tribes traditionally hostile to him. "There is no doubt that there is a political agenda in scaring the hell out of the upcountry people," said Richard Leakey, the famed paleontologist turned political activist.

At the Likoni Catholic Church about 3,000 Kenyans, most from upcountry tribes, flooded onto the grounds, burdened with all their possessions: bedframes, mattresses, clothes, chairs, jerry cans, pots and pans, tablecloths, radios, sewing machines.

The church yard was filled with the wounded, people who had been shot, clubbed, hacked, beaten.

They are people such as Jeremiah Mwindi Muli, 38. Last week one morning he was returning home from a nearby shop when about 20 young men, armed

with guns, clubs and machetes confronted him in an alley. They asked him for money. Then they asked him his tribe.

After he told them he was from the Kamba group-based near Nairobi, Kenya's capital, they chased him, eventually slashing him on both shoulders and on his upper right arm.

He has no movement in that arm today.

After being treated for wounds at a nearby hospital, Muli returned to his house to find everything looted: eight chickens, 12 goats, a sack of beans, a half-sack of corn, his bed, sofa set, tables, a stool, his clothes, his wife's clothes, his children's clothes.

"They even took our spoons," he said.

Muli's family moved to the coast 35 years ago. He works as a farmer and a gardener. He said he has never sensed resentment from local ethnic groups.

"This has happened so suddenly," Muli said through a translator as he sat next to his wife, Kanini, and their two sons, ages 5 and 18 months. "I'm very angry. I'm poor and displaced, and I've lost all my possessions. I don't know how I'll start over again."

The coast is known as one of the nation's more tranquil areas. Since Kenya won independence in 1962, the region has experienced little of the ethnic strife that has buckled other parts of the country.

But that has changed in recent months. Mombasans from indigenous tribes said they have felt as though they were being displaced in their own hometown. They say "upcountry people" have grabbed land that did not belong to them and have become favored for jobs once held by indigenous groups.



A UPS driver giving a cheerful thumbs-up Wednesday in New York as he went back to work after the strike.

UPS: Crucial Issue of Part-Timers May Prove to Be Flaw in Accord

Continued from Page 1

workers. For a labor movement that has been on the defensive for so many years, this positive image was a pleasant change. The impact of the air controllers' strike had been so chilling that the number of major strikes dropped to 37 last year from 145 in 1981. The very fact that the Teamsters struck UPS in the first place was seen by many as an act of courage.

The Teamsters worked hard to win the media battle. Using the same sophisticated public relations and advertising techniques it has long embraced in political campaigns, the union made part-time work the central issue in the strike and never deviated from the message.

The message struck a responsive chord with an American public that has become increasingly anxious over job security — even though the number of part-timers in the work force has risen only slightly over the last 30 years. Part-time workers accounted for 14 percent of the work force in 1968, compared with 18.3 percent in 1996.

"The public relations was fabulous," Mr. Sweeney said Tuesday. "It raised a level of respect for workers. The media treated the UPS strikers like they were real human beings." The approach used

in the UPS strike, he said, "will serve us well in future organizing efforts."

The Teamsters, working closely with the AFL-CIO, made the cause of the striking UPS workers the cause for all of labor. The AFL-CIO pledged \$10 million a week to pay strike benefits for the UPS workers, and Mr. Sweeney said the federation had lined up more than \$50 million in pledges from member unions by the time the strike ended.

But experts caution that the success of the Teamsters this week at the bargaining table and in public-opinion polls is only a tiny step in a long march back to relevancy.

The economic realities of the workplace now are the same as they were when the UPS strike began — and they are likely to continue to obstruct labor's efforts.

Labor's biggest problem is that it represents so little of the total U.S. work force. The 13 million members counted by the AFL-CIO at present is little more than the 12.6 million members labor had in 1955 when the American Federation of Labor and the Congress of Industrial Organizations merged.

Much more important for labor and its influence is the drop in the number of union members as a percentage of the American work force. In the years im-

mediately after World War II, more than one out of every three civilian workers belonged to a union.

Today, barely 10 percent of the private-sector work force is unionized. (For the total work force, it is about 14 percent.)

Indeed, UPS was an ironic target for the Teamsters because it has been a good union employer in an industry that has increasingly gone nonunion.

UPS invited the union to organize its employees in the 1920s, and it has kept the door open to the union ever since.

But labor has been unable to organize most of UPS's new aggressive nonunion competitors, such as Federal Express Corp., and some analysts argue that UPS has been able to afford its Teamsters contracts only because it controlled 80 percent of the package-delivery market.

If UPS faces increased competitive pressures after the strike, as some analysts predict, it may have to seek new concessions from the Teamsters — by losing jobs to its nonunion competitors.

Similar problems have beset unions in the auto, steel, construction and retail industries — as hard-pressed employers demanded "give-backs" to remain competitive with nonunion or foreign rivals.

BRIEFLY

13 More Are Killed In Algeria Attacks

ALGIERS — Thirteen persons have been killed in Algeria by having their throats slit in the last few days in a new series of attacks against civilians by suspected Islamic extremists, newspapers reported Wednesday.

Four were slain overnight Tuesday, and a young girl was abducted when armed attackers invaded a farm inhabited by some 15 families outside Hadjout, 70 kilometers (40 miles) west of Algiers, the daily El Watan reported.

On Thursday, seven people had their throats cut in Bouferdjour, 300 kilometers southeast of Algiers, the daily Le Matin reported. Attackers also killed two drivers working for the national fuel distribution company, in Hacine, 400 kilometers southwest of Algiers. (AP)

65 Slain in Nigeria

LAGOS — The death toll has reached 65 in four days of fighting between two communities in the ancient southwest Nigerian town of Ife, newspapers reported on Wednesday.

They said hostilities spread to remote villages, where the latest victims included a village chief, while thousands of residents of the university town fled to safer areas. Fighting erupted during the weekend between Ife and Modakeke communities. (Reuters)

Red Cross Refused

LIMA — President Alberto Fujimori has turned down a Red Cross request for access to rebels imprisoned in Peru, but he left open the possibility of prison visits in the future. (AP)

GERMANY: Hope Arrives in Bonn Along With New U.S. Envoy

Continued from Page 1

In a recent profile, the Frankfurter Allgemeine Zeitung called Mr. Kornblum the most knowledgeable envoy Washington has sent since the war. "Germany has always been the defining theme of Kornblum's career," the FAZ wrote.

Because Mr. Kornblum was one of the architects of the Dayton agreement on Bosnia, he has been at the heart of the efforts to build new security structures for Europe. When the peace agreement was in trouble last year, the White House appointed Mr. Kornblum to "oversee our comprehensive policy toward the former Yugoslavia."

Mr. Kornblum is also credited with writing Ronald Reagan's famous appeal to Mikhail Gorbachev at Berlin's Brandenburg Gate to "tear down this wall." He is a career diplomat and not one of President Bill Clinton's political appointees.

"I am sure you know I am very happy to be back in Germany," Mr. Kornblum said in German at a packed airport press conference.

"Kornblum raises hope because Kornblum knows Germany," said Stefan Sachs, deputy director of the Aspen Institute, a think tank for U.S.-German affairs. "He has a good feeling for German topics, political, economic and societal. And he also brings with him a feeling of the German mentality."

The notion that Washington has neglected Germany is a misunderstanding, Mr. Kornblum has said. Asked fre-

quently if Washington ignores Bonn, Mr. Kornblum is emphatic that bonds remain strong.

When he introduced himself recently to the German press corps in Washington, he freely admitted that the United States does not have vital interests in Asia and South America, but said that these should not be misunderstood as a snub to Europe.

The point is to "redefine" the U.S.-German relationship, he has said repeatedly.

German-U.S. ties have shifted in the absence of the Cold War, when Germany was a front-line partner in a world dominated by east-west conflicts.

"Our task no longer is to manage the confrontation in Europe," he said. "Uncertain feelings" can crop up "on both sides now and then" as the two sides define their relations anew.

Mr. Kornblum has done little to discourage the view that Germany will shoulder new and more independent roles as the engine of eastward expansion. "The important point now is common responsibility, common planning and, of course, also common action," he said.

Implied is continued German backing of North Atlantic Treaty Organization and European Union enlargement, multinational peace keeping and the stabilization of Russia.

The German foreign minister, Klaus Kinkel, said Wednesday that the vacancy in the embassy was meaningless to U.S. relations and was entirely related to the grueling treatment the U.S. Senate

had given nominees from the Clinton administration. By a recent tally, Bonn was one of 38 U.S. embassies waiting for an ambassador.

Some drifting is inevitable, some Bonn diplomats suggest. Just as the United States devotes its attention increasingly to Asia and Latin America, Germany has no choice but to overcome tensions with France to unite Europe behind a common currency.

Some Bonn diplomats, however, see Germany's ties to Europe — and France in particular — as a bonus in the new European order.

Next year's German elections create another potential challenge for Mr. Kornblum's diplomatic skills. According to opinion polls, Germany's left-leaning opposition Social Democrats — whose leaders were once bitter critics of NATO and the Gulf War — have solid chances of replacing Chancellor Helmut Kohl.

"Kornblum is intelligent enough to increase the awareness of potential chancellors of any party of the importance of the American-German relationship," Mr. Sachs said.

For Germans, ties to the United States can be remarkably emotional, particularly for the generation that remembers the war and who came to see Americans as their most loyal friends, including the GIs.

It was America that lent the most valuable support for German unification at a time when other nations vented mainly their worries about an enlarged Germany, Mr. Sachs said.

ANTIGUA: Bank's Failure Highlights 'Questionable Operations'

Continued from Page 1

Sergei Ushakov and Vitali Papsouev, who have disappeared, were listed as the bank's directors when it collapsed.

At the bank's office in a mall directly above a dentist's office and Nio's Bar and Restaurant, a notice taped to the locked door reads, "European Union Bank Inc. has been placed in receivership effective this 8th day of August 1997."

Through the Internet, the bank allowed clients anywhere in the world to open accounts, transfer money, write checks by computer and obtain credit cards around the clock. On its now-dormant Internet site, www.eubank.ag, the bank stressed the benefits of the lax regulatory climate in Antigua. "Since there are no government withholding or reporting requirements on accounts, the burdensome and expensive accounting requirements are reduced for you," the Web page reads.

Citing confidentiality laws, Antigua officials declined to say how many depositors the bank had had or how much money it had reported in accounts.

Finance Minister John St. Luce said he did not get directly involved "in this sort of thing," and Financial Secretary Keith

Hurst declined to discuss the collapse.

But bank records make it clear that the bank ran afoul of the rules almost from the beginning but was allowed to stay in business until depositors began complaining recently that they no longer had access to their accounts. An official letter sent by the Ministry of Finance in October 1995 noted that the bank had failed to file an audited financial statement for 1994.

Those initial indications were followed by other, more public warnings. In May, the Idaho Department of Finance declared the bank to be operating illegally and ordered it to stop soliciting deposits from Idaho residents over the Internet.

"There was a lack of disclosure, a lack of information on the principals, a lack of any of the licenses or charters that would have allowed this bank to conduct business legally in this state or this country," Gavin Gee, director of the department in Idaho, said from Boise. "While the Internet is a wonderful means of obtaining information and doing business, it is also a means for fraud, and to the extent we have jurisdiction, we have a duty to protect our residents."

In Antigua, Agnes James, permanent secretary of the Ministry of Finance, said

the government had taken several steps to prevent similar cases, including "a stricter watch on quarterly reports."

She said there were also plans for the ministry's two bank inspectors to get additional help so "they can go in on a monthly basis" to "check on the banks indicated for this type of treatment."

After pressure from Washington, Prime Minister Lester Bird said this year that a thorough investigation would be made of about a half-dozen banks accused of links to Russian crime groups. But the inquiry remains incomplete.

As a result of the European Union Bank case, Mrs. James said, "there will be some changes, some tighter sanctions as far as due diligence is concerned" on new bank charter applications.

"All that is needed has been set in motion," Mr. St. Luce said. "We have just passed very, very strong legislation, vetted by the Americans and the British, on money laundering. We have a committee looking into these things and are getting everything that is needed operating."

Recent technology articles:
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ISRAEL: Arafat Has Talks With Islamists

Continued from Page 1

"None of the speakers advocated explosions or terrorism," he said. "They all protested the Israeli policy that regards the peace process. They've agreed on a common denominator of rejecting the policy of dictation."

Speakers at the conference, apparently following rules agreed upon in advance, did not, in fact, make explicit calls for violence against Israel, appealing instead for "resistance," "confrontation" and "struggle by all appropriate means" against the Israeli "enemy."

Many called on Mr. Arafat to stop security cooperation and negotiations with the Israelis, and urged a boycott of Israeli products in response to the Israeli closure.

Israel Hits Lebanese Targets

Israeli warplanes Wednesday struck

at targets in southern Lebanon, including power lines feeding the region's largest city, that Israel said had been chosen to send a clear message to Lebanon's government.

An Israeli military statement said the raids, which cut power to thousands of civilians, were meant to warn Lebanese officials to do more to rein in the Islamic militants who fired dozens of Katyusha rockets into northern Israel on Tuesday.

The air strikes were the heaviest by Israel since all sides in the conflict agreed in April 1996 to call a halt to attacks on civilians, and they followed by a day the rocket attacks by Iranian-backed Hezbollah guerrillas, which were also the heaviest since the ceasefire.

In another raid, Israeli jets rocketed a Hezbollah base near the Syrian border in Bekaa, where four civilians were reportedly injured.

IDENTITY: Biometrics Technology Faces Up to the Challenge of Proving Who You Are

Continued from Page 1

Several systems, designed to replace passwords to unlock computers and authorize Internet purchases, now allow the verifying of faces, signatures and fingerprints at home on personal computers, using inexpensive cameras or scanning devices. Coming next are systems for secret automated scanning for the faces of, for instance, known terrorists at airports or gangsters in casinos.

Privacy issues were not much of a concern in the first commercial systems because they were in relatively isolated installations — mainly fingerprint and hand-recognition systems to unlock doors and chronicle employee time and attendance.

But that is changing as companies try to lower costs by automating services. Labor, for example, represents 70 percent of the cost of running Mr. Payroll's

chain of 152 check-cashing booths in convenience stores. It turned to face recognition to remain in service 24 hours a day.

"Hand and finger prints were too intrusive," said Michael Stinson, president of Mr. Payroll, a subsidiary of Cash America International, a pawnshop chain. "If the banks had trouble with fingerprints, we didn't want any part of it."

But face recognition, though relatively untested, has been in place in the company's six machines for two months and appears to work. (If faces do not match automatically, human agents at a central location perform a manual double check, talking to the customer by telephone to resolve problems.)

The great advantage of face recognition is that it requires little or no cooperation from the subject. "When someone sits down at a blackjack table

and wins \$5,000, it's easy for the guy in the security control room to zoom the camera in on him and push the identity button," said Kevin Mayer, president of Integrated Controls, a company in Albuquerque, New Mexico, that is developing these systems for several casinos that are seeking, for example, to identify card counters. "It can compare him to 10,000 known gamblers."

But face recognition can be fooled by people who grow beards, dye their hair or gain weight. And it can be fooled by twins.

But "how often does an evil twin become a perpetrator of a fraud against the other twin?" asked Michael Kuperstein, president of Miros Inc., which makes the face-recognition software used by Mr. Payroll.

Many biometric systems rely on older, more tested measurements — fingerprints, for example.

Despite their accuracy, some experts say, fingerprints are associated too closely with criminals to be accepted for mass-market applications. And fingerprints cannot be taken reliably from about 2 percent of the population because some people, like brick layers, wear down their prints.

Another biometric measure widely used is hand geometry, which measures the shape of several fingers or an entire hand. The oldest general application of biometrics has been at the University of Georgia, which since 1972 has used hand-scanning system to let students into its dining halls.

"We don't have any problems with students who forget their meal cards," said J. Michael Floyd, head of the food service department.

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Southern Africa Trade & Investment Summit

Botswana, November 18-19, 1997

President Ketumile Masire and fellow heads of state from the region will lead discussions at the International Herald Tribune's third Southern Africa Trade & Investment Summit to be held in Gaborone on November 18-19. The Presidents will be joined by business and finance leaders from the region, as well as renowned international figures and senior representatives from some of the world's leading companies currently investing in Southern Africa.

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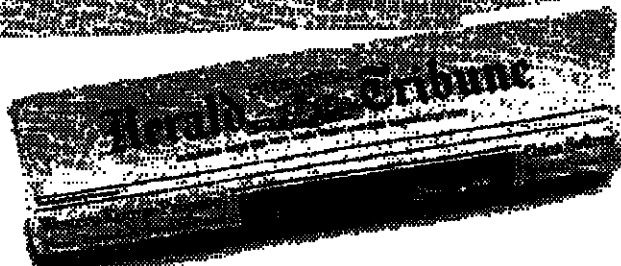


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THE WORLD'S DAILY NEWSPAPER

Herald Tribune

PUBLISHED WITH THE NEW YORK TIMES AND THE WASHINGTON POST

After the UPS Strike

Labor leaders exulted on Tuesday in the settlement of the 15-day strike at United Parcel Service, for understandable reasons. The Teamsters won most of their demands — for wage increases, for pension protections and especially for upgrading thousands of jobs from part time to full time. More than that, the union dramatized what it sees as a pernicious trend, the growing reliance of companies on two-tiered work forces in which significant numbers of employees receive lower wages or benefits.

It was far from clear, however, that the labor movement will be able to build on its victory to help workers elsewhere who have felt left out by the extraordinary economic boom of recent years.

President Bill Clinton and Labor Secretary Alexis Herman played a constructive role in pushing for a settlement of a strike that had begun to hurt many businesses. But one of the most remarkable facts about the walkout at the world's largest package delivery company was the extent of public support generated by the 185,000 strikers. Some surveys showed that Americans supported them by a margin of 2 to 1.

President Clinton was probably correct in warning that public approval might soon reach its limits, but news of widespread sympathy for the strikers galvanized people on the picket lines and no doubt contributed to United Parcel's decision to make significant concessions.

Some of that sympathy turned on unusual aspects of this particular strike. An enormous number of Americans came into contact with United Parcel Service, and their esteem for the company turns out to be connected directly to the employees themselves. Ron Carey, president of the International Brotherhood of Teamsters, skillfully advanced the most sympathetic

spokesmen for the cause — hardworking part-time employees who said they simply wanted to be paid at the same rate as their full-time colleagues. It was a genuine feat for a union plagued by a reputation for corruption.

The image of the workers in this case was in marked contrast to what the public felt was sullen behavior by the air traffic controllers in 1981 and the high-paid baseball players of more recent vintage.

More broadly, the issue of part-time employment struck a nerve among people worried about job security and lagging wages. Despite recent small improvements in wage levels for middle- and lower-level workers, the corporate downsizing of the 1990s has undeniably made Americans more doubtful about their employers and more sympathetic to those whose wages have not kept up. That was one reason portable health insurance and the minimum wage won bipartisan support in Congress last year. Politicians and companies would do well not to ignore this larger trend.

It will be tempting for many analysts to say that the labor movement is on the mend after decades of decline. Labor's legislative victories, including its battles against steep cuts in Medicare, have certainly been impressive. But the country's current sympathy for the problems of some workers does not necessarily open a new chapter in industrial relations. It will still be difficult to reconcile the age-old conflict between union pressure for higher wages and the fear of inflation in financial markets and corporate boardrooms.

Strikes, of course, involve issues of economics and issues of perception. This strike's most lasting benefit might well be in persuading corporate employers that the public judges them by the treatment of their lower-paid and most vulnerable workers.

—THE NEW YORK TIMES

Medical Mischief

Shoppers considering the Sunbeam brand of home products will see the seal of the American Medical Association on the company's heating pads, thermometers, bathroom scales and air cleaners. Consumers will easily leap to the conclusion that the doctors' group has lent its approval to these products after having systematically evaluated them against competing lines. In fact, the use of the seal is the fruit of an exclusive business deal, its financial terms undisclosed, announced last week by the AMA and Sunbeam. Consumer activists and some in the medical community have expressed outrage, and rightly so.

Everyone familiar with the phrase "Crest has been shown to be an effective decay-preventive dentifrice" knows that professional groups such as the American Dental Association and the American Heart Association for years have permitted commercial products to carry their testimonials. The difference between the practice of these groups and the AMA-Sunbeam plan is, first, that the AMA seal will for five years go only to Sunbeam products and, second, that the medical group will collect substantial royalty fees rather than just nominal costs of certification.

AMA spokesmen portray the arrangement as an extension of the association's public health education

campaign encouraging use of safe home health equipment. Proceeds from leasing the seal, they explain, will go to research, some of it jointly conducted with Sunbeam. AMA educational materials will be included with Sunbeam products at the point of sale.

But what about Sunbeam's competitors? Have they no access to the 150-year-old AMA's trusted seal? Would the AMA withdraw its seal if a Sunbeam product were found defective? If the AMA is to imply that the products that carry its seal are superior, Federal Trade Commission regulations require that it perform impartial tests.

AMA members have an interest in the financial health of their professional association, and they know well the group's rules against financial self-referral in selecting products or prescribing drugs. So if the public education campaign is so important, why not fund it with a dues increase? If the AMA really wanted to serve the public, says Michael Jacobson, executive director of the Center for Science in the Public Interest, it would evaluate all medical products without charging a fee. That would be asking a lot of a 297,000-member group that has a host of medical and federal policy issues on its plate, but it would be far less unseemly than this new departure of auctioning off its seal to a sole bidder.

—THE WASHINGTON POST

Other Comment

The Postwar Revolution

In Western Europe (and to a lesser degree in Canada and in Australia) the fear of poverty, poverty through disease or through old age, is gone.

"Poverty" is a relative term; the poverty of 1900 in prosperous Western Europe is hard for a modern person to fathom. Within that poverty it made economic sense for a farm woman to spend days in the fields, bent over, picking up wheat stalks left by the reapers and coming home after 12 hours with an apronful. Families saved the equivalent of a dime a week to assure themselves decent funerals, and it made economic sense for the insurance firm to send someone around every week to pick up the dime.

In my Amsterdam childhood everybody who worked for the town or the state, even as a street sweeper, was considered privileged, because he or she could look forward without fear to

old age with a guaranteed pension. A streetcar conductor made a very eligible bachelor.

In these countries, after the trauma of war and occupation, time stood still for one beat in 1945. There was room to think and a need to think things over. Governments owed their people, having let them down and failed to protect them, and having demanded and gotten appalling sacrifices from them in order to make up for the governments' shortcomings. This had already happened once, in 1918, when they reneged on their promises.

They could have again but did not in 1945. In that climate a body of law was created to abolish poverty and its discriminations. A completely original framework for human interaction was built, and its influence on daily life was huge.

—From "Notes on the Twentieth Century," in the September issue of *The Atlantic Monthly*, by Hans Koning.

Success in Bosnia Awaits a Persistent Clinton

By Jim Hoagland

WASHINGTON — Do Bill Clinton, Congress and the Pentagon have the patience and skill to play out a winning hand in the Bosnian conflict? Six months ago an intelligent oddsmaker would have put big money against. Today it looks like an even bet that is improving.

In recent weeks President Clinton has re-engaged his administration in a crisis that had been allowed to drift during his re-election campaign and the start of his second term. His modest moves on the ground, where Serbian nationalism now devours itself instead of massacring its neighbors.

The force of Serbian nationalism, and the brutal way in which it was expressed in concentration camps and the slaughter of prisoners, made Bosnia an international crisis six years ago. Uncertainty and ineptly — and at enormous human cost — the United States and Western Europe have finally blunted and contained that force.

The Bosnian Serb leader (and indicted war criminal) Radovan Karadzic now struggles with his former protégé, Biljana Plavsic, for control of the rump Serbian republic within Bosnia. In Belgrade, the man who ignited the Balkans to secure his own power base, Slobodan Milosevic, declines to help.

either Mr. Karadzic or Mrs. Plavsic, or otherwise intervene.

Mr. Milosevic attempts to be a Dr. Frankenstein who can separate his fate from that of the monster he created. The Serb stopped the war in Bosnia by signing the Dayton peace agreement in December 1995, but he will not deliver the coup de grace to Mr. Karadzic and the other warlords he once supported.

That duty falls to Mrs. Plavsic, 67, the former physics teacher whom Mr. Karadzic put in the Bosnian Serb Republic presidency a year ago. Evidently disgusted by his corruption and total disregard for the century his war has brought to Bosnian Serbs, she has turned on her creator. She has denounced him and is attempting to curb the police and paramilitary forces, that protect him from arrest by NATO.

The United States and Britain have come down heavily on Mrs. Plavsic's side and are trying to manipulate this split among the Serbs into a decisive showdown. Washington backs Mrs. Plavsic's clearly extra-constitutional dissolution of the Bosnian Serb Parliament and her call for October elections for a new legislative body.

This support is a risky short-term

bet. Mr. Karadzic's forces have more firepower than do Mrs. Plavsic's. They might well maintain control of the legislature. And the American history of micromanaging foreign coups and counter-coups, from Afghanistan to Vietnam, is not promising.

But the longer-term gamble is sound. Even if Mr. Karadzic prevails in a shoot-out or a palace coup, the split within the Bosnian Serb Republic will deepen. This weakens the Serbs, as the Muslim-led forces of the Bosnian army continue to strengthen themselves with U.S. help. As Secretary of State Madeleine Albright renounced Mrs. Plavsic on a June visit that inaugurated the new U.S. activism on Bosnia, the collapse of the Dayton accord could bring disastrous military consequences for the Serbs.

Mr. Karadzic no longer has the implicit option that existed in the first year of the Dayton agreement. He could have disappeared, with his loot, and lived quietly elsewhere. His open defiance of Dayton has made his capture and trial in The Hague mandatory. A political or physical shoot-out with Mrs. Plavsic will make that reality even more apparent, and urgent.

The chances for rescuing the Dayton agreement have also been improved by the new energy and focus that Tony Blair's government in London has

brought to Bosnia, and by the arrival of General Wesley Clark as NATO commander. General Clark represented the Joint Chiefs of Staff at the Dayton negotiations. He has a personal stake in and knowledge of the agreement.

Time is Mr. Karadzic's only possible savior. The U.S. and British troops that protect Mrs. Plavsic, and would carry out the snatch of Mr. Karadzic if it is ordered, are due to withdraw next June. Events could drag Mr. Clinton's attention away from Bosnia once again. Divisive debates in the U.S. Senate next spring on NATO enlargement and a continued military role in Bosnia could play into Serbian hands.

But those would all be unforgotten errors. They can be avoided through patience and consistency. First of all, Mr. Clinton, Congress and the Pentagon should agree to announce early this autumn that U.S. troops will remain in an international force in Bosnia for at least one year beyond the present June 1998 withdrawal date.

That would separate congressional action on Bosnia from the NATO expansion debate, which is likely to turn ugly over burden-sharing questions. It would also tell Radovan Karadzic that he is making a bad bet by hoping to outwait the United States.

The Washington Post

Why Should a Society's Economic Burdens Be So Lopsided?

By William Pfaff

PARIS — A question. Who would you think the author of the following:

"There is exploitation when an owner considers workers not as his associates or auxiliaries but as instruments from whom to obtain the most service at the least possible cost. The exploitation of man by man is slavery. A worker considered as a mere production unit has no better status than a piece of machinery."

It sounds like Marx or Engels, or another of the early socialists. It was actually said before Marx, in a course on commercial law, taught by a scholar and writer who will be beatified this week by the Pope.

The author is Antoine Frédéric Ozanam, an early 19th century French intellectual and law and literature teacher, whose work on social theory was to have great importance to the 20th century social thought of the Catholic Church, and who has been a major influence on modern European Christian democracy, in particular in Germany and Italy.

At the time of the 1848 revolution, Ozanam ran for the French National Assembly calling for a minimum wage, what today would be termed family welfare allocations, and paid retirement for workers.

He was considered by many of his contemporaries a dangerous leftist. He died in 1853 aged 40. He was one of the founders of the charitable Saint Vincent de Paul societies found today in many Catholic parishes around the world.

I note his beatification this week by John-Paul II because it takes place at the moment when in the United States, the citadel of globalized, downsizing, part-time-working capitalism, a crucial social battle has just ended on issues like those which concerned Ozanam. I am talking, of course, about the United Parcel Service strike, and what the unions claim as their victory.

Nearly everyone seems to agree that UPS has been a quite decent company, and that its effort in recent years to replace

full-time pensioned workers with lower-paid, unpensioned part-timers has been no more than an attempt to meet the competition. Sixty percent of UPS employees are now part-time.

That is the way all the big employers have gone, or tried to go, under pressure both their competitors and (ironically) the big pension funds which dominate Wall Street and demand high stock values and high quarterly profits.

Two years after a rebellion began in Western Europe against the tyranny of the global market, with big strikes in France, followed by last December's social explosion in South Korea and labor tensions in Germany this spring and summer, American workers are at last also demanding to know why the full price of globalization should fall on them,

while stockholders and managers get the benefits.

The significant thing about the UPS strike was that the public was largely with the strikers, as they had been in the earlier French and German strikes. Fifty-five percent of Americans polled at the end of last week supported the strikers; only 27 percent approved the UPS management's position.

In 1981 the public acquiesced in Ronald Reagan's dismissal of striking air traffic controllers and their replacement by what the labor movement once called scabs. That was the beginning of labor's decline in the United States, a decline prepared by the unions' abuses of their power. The UPS strike may now prove an equally significant shift in American social history.

Such a shift would not auto-

matically benefit unions, which are still viewed skeptically by a majority of Americans. But the public seems now in agreement with Ozanam's objection to human labor being treated as a commodity.

Former Labor Secretary Robert Reich noted this week that corporate profits have augmented by 19 percent in the last five years while average salaries stagnated. UPS profits last year were \$1.15 billion on a \$22.4 billion turnover.

Such profits have come in part through the replacement of full-time workers with less well-paid part-timers. The basic issue is not, of course, full-time versus part-time working. It is equal pay and equal protections for equal work. Some companies have deliberately attempted to promote a climate of insecurity in their work forces. The public would seem now to be saying that enough is enough.

Last January (*Opinion*, Jan. 13) I wrote a column asking why it should be taken for granted that workers should pay the costs of globalization while investors and management take the profits. That evoked a negative comment from *The Economist* — in the sneering tone which has come to characterize what was once a responsible magazine — about such "bleatings" about social justice. But *The Economist* didn't answer the question.

Nor do I know of anyone else who has given a morally responsible explanation as to why the burdens should be allocated in this way. The apparent reality is simply that labor is vulnerable, while the public has been confused and frightened by the pace and costs of globalization. That now may be changing. It is imperative that it change.

International Herald Tribune
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Look, Wealth Is Bringing Liberty and Equality

By George F. Will

WASHINGTON — Only a mind as closed as an oyster could miss the dominating fact of contemporary American politics. It is that American society is creating wealth at an astonishing rate.

Only a mind as acute as Chris DeMuth's can fully construe this fact. Mr. DeMuth, president of the American Enterprise Institute, argues that as America rapidly becomes rich beyond the dreams of even our parents, it also becomes freer and more egalitarian. And this wealth, freedom and equality are causing the welfare state to unravel.

That we are rapidly becoming richer is clear. People who deny that equality is increasing are fixated on the recent small increase in income inequality. That increases the subject of an unceasing journalistic drumbeat, is Mr. DeMuth argues, a small incongruity in the long-term "leveling of material circumstances" that has been under way for three centuries and is accelerating.

Since 1700, the average life span in Western societies has doubled. Today material necessities (food, shelter) are so universally available that the problem of poverty, understood as material scarcity, has been solved. Poverty, Mr. DeMuth notes, now is a problem of individual behavior, social organization and policy, not of society's material scarcities.

Two centuries ago, land was the essential source of wealth. One century ago, physical capital — knowledge, cognitive skill — is, and such capital is widely distributed by nature and is augmented by universal education. Furthermore, sexual equality has advanced so far that young men and women of comparable education and training now earn essentially equal incomes.

As societies become more wealthy, Mr. DeMuth argues, money income becomes a less

informative measure of individual welfare, as is demonstrated by this fact: Western democracies have become so wealthy that, for the first time in history, "voluntary reduction in time spent at paid employment has become a major social and economic phenomenon." This reduction appears in expanded education of the young and, even more, in longer retirement of the elderly.

When Social Security was enacted in 1935, the idea of retirement was, for most Americans, exotic. Mr. DeMuth says most men worked until they dropped, and they dropped early. Today the explosive growth of the sports, entertainment and travel industries indicates a social revolution quantified by Robert Fogel, one of the University of Chicago's stable of Nobel Prize-winning economists.

He estimates that since 1880, the time devoted each week by the average American male head of household to nonwork activities has risen from 10.5 hours to 40 hours, while time at work has been cut nearly in half, from 61.6 to 33.6. So income inequality has widened as social equality has increased. It has widened, in part, because of the ability of people to choose to substitute leisure for income-producing work.

Today, Mr. DeMuth notes, government's principal activity consists of transferring income

from workers to nonworkers for the subsidization of two things that were virtually unknown just a few generations ago — non-work (retirement, extended schooling) and ambitious medical care (replaceable body parts, exotic diagnostic and pharmacological technologies — a far cry from 1900 medicine, which consisted largely of trying to make patients comfortable until nature killed or cured them).

Access to financial expertise has been democratized. Anyone who mails \$100 to a mutual fund thereby hires top-grade investment management. Which is one reason why, while privatization of Social Security is languidly debated in Washington, private savings (including mutual funds, pension plans and other investments such as housing) have already surpassed Social Security as a source of retirement income.

Expanded autonomy frees individuals for admirable and improving pursuits — and for unworthy and self-destructive behavior. With the growth of wealth, freedom and equality has come an equally astounding explosion of social pathologies, from family disintegration and illegitimacy to drug abuse and vulgar popular entertainment.

Citizens are turning their attention, as individuals and as members of civic and religious groups, to the question: What is freedom for? The question is itself among the luxuries of a wealthy, free and equal society.

Washington Post Writers Group

Good Work Deserves a Living Wage

By Robert Kuttner

WASHINGTON — Mayor Tom Menino has approved the most far-reaching "living wage" law yet enacted in the United States. Effective next year, Boston will require any private company that does business with the city to pay its workers at least \$7.49 an hour.

That is more than \$2 above the federal minimum wage; it is the hourly pay rate that yields an annual income equal to the federal poverty line for a family of four. Firms are covered if the city awards them contracts, grants, loans, tax breaks or other financial benefits worth at least \$100,000.

Los Angeles enacted similar legislation last March by a unanimous vote of its city council. Variations are already on the books in New York, Milwaukee and Baltimore, among other cities.

The living wage campaign, which dates only to 1993, is the most interesting grassroots enterprise to emerge since the civil rights movement. Promoted by a loose coalition of community, religious and labor groups, often spearheaded by the Association of Community Organizations for Reform Now, it signals a resurgence of local activism around pocketbook issues.

The basic theme is that, in a nation as rich as America, anyone who works full time should not have to live in poverty.

In one city after another, ordinarily powerful business

groups have been blindsided by a strong organizing drive that puts local elected officials on the spot. Who could be against paying workers a living wage?

Business, not surprisingly, insists that such initiatives are bad for the business climate. Seemingly, a living wage law enacted one city at a time would be economic suicide. Companies would just relocate, and the city with the higher wage standards would lose jobs.

But these laws are astutely crafted to require that city contractors, wherever they are located, must meet city wage standards. Business can run, but it can't hide.

Opponents say higher wage costs eliminate jobs. But similar arguments were made against the rise in the federal minimum wage. In fact, the good economic times have more than offset the slightly higher wage costs; better pay is frequently associated with lower turnover and with productivity gains. Business continues to create jobs at an impressive clip.

Since John Sweeney took over as president of the AFL-CIO, the national labor movement has embraced the living wage campaign, way in Albuquerque, Denver, Philadelphia and St. Louis.

The living wage campaign,

like the Teamsters' effort to curtail the shift to part-time jobs, helps spotlight the split-level character of the current economic boom. Despite relatively low unemployment, millions of jobs don't pay what used to be called a family wage.

This trend can be challenged on multiple fronts. A higher federal minimum would make a living wage national policy; an expanded earned income tax credit can reward work by increasing take-home pay; unions can escalate the campaign against a two-tier work force.

Living wage legislation at the city level not only raises earnings of low-wage workers; it also discourages privatizations intended mainly to cut pay scales. If even private contract workers must be paid nearly \$7.49 an hour, cities have less temptation to contract work out.

In this era of diminished expectations and hollow politics, the living wage campaign is a heartening reminder that economic distress can rekindle grassroots political energy.

The gross inequality of the 1990s is a national disgrace. Amid glittering affluence, millions of Americans report punctually to work, perform conscientiously — and still don't take home enough money to escape poverty. If remedying that disgrace is truly bad for business, the flaw is not in the remedy but in the system.

Washington Post Writers Group

IN OUR PAGES: 100, 75 AND 50 YEARS AGO

1897: Anarchist Killed

SAN SEBASTIAN — The assassin of Senor Canovas del Castillo was executed in the prison of Vergara. Angiolillo staunchly refused to have the ministrations of monks or Jesuits, who hoped to bring him to repentance. He even complained bitterly against the sort of moral pressure which the churchmen were bringing to bear upon him. He passed his time in expounding anarchist theories with the warders charged with guarding him. "I die," he said, "for having avenged my brothers in anarchy; but, in my turn, I will be avenged by others."

1922: Motorless Flight

BERLIN — Announcement is made here that Engineer Mariens made a motorless flight of 1 hr. 6 min., alighting at a distance of eight miles after soaring

nine times over the flying grounds. It is claimed that he has solved the problem of motorless flight. Germans have long held the record of persistence and achievement in motorless flight, one of the earliest exponents of gliding and soaring being the well-known Lilienthal.

1947: U.S. Outpost

NAHMITZ, Russian-Occupied Germany — On the edge of this Prussian farm village deep in the Soviet Zone lies the "Nahmitz outpost," a patch of land, thirty yards by fifty, with the American flag waving over it. This "island," enclosed by barbed wire, serves as an aid station for Allied travelers on the autobahn, which is the only link for American, British and French between Berlin and the Western zones of Germany. Because boredom pervades the confined life here, the island dwellers are rotated every two weeks.

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OPINION/LETTERS

A Chance for Europe to Bounce Back And Accept Some Essential Anxiety

By Robert J. Samuelson

LONDON — We Americans are so convinced that Europe has become an economic basket case that it is worth wondering whether we are wrong. In the American view, Europe suffers from an overgenerous welfare state and an obsession with job security. Companies face too many regulations and too many taxes. The unemployed are paid too well for staying idle. Certainly, joblessness is high. It is 10 percent in Germany, 12 percent in France and 21 percent in Spain. But a case can be made that Europe's economy is on the verge of a revival that will shatter the American stereotype.

Let's start with the unmistakable signs of Europe's recovery. Its stock markets are buoyant. In 1997 the German market is up about 50 percent, the Italian 35 percent and the British 20 percent. Surveys of business confidence show big gains. Growth prospects have improved. Thomas Mayer, an economist at Goldman Sachs in Frankfurt, predicts that Europe's gross domestic product will increase by 2.3 percent in 1997 and 2.6 percent in 1998, up from 1.7 percent in 1996.

the fear that higher growth would trigger higher wages and then higher interest rates to halt inflation. Can Europe break this cycle?

Perhaps. One major country has already done it: Britain. Its unemployment has dropped from more than 10 percent in 1993 to less than 7 percent now. The simplest explanation is that Margaret Thatcher broke the unions.

A deep recession in the early 1980s — meant to suppress high inflation — raised unemployment and bankrupted many unionized firms. New labor laws made strikes harder. In 1984 and 1985 Mrs. Thatcher faced down the powerful coal miners in a strike.

As job security and union power eroded, wage bargaining became more restrained. Wages no longer automatically rose with prices. Workers had to consider that they might price themselves out of a job.

Something similar needs to happen in the rest of Europe. If workers never fear losing their jobs, there is little reason to restrain wages. Some uncertainty, anxiety and fear are essential.

But of course, uncertainty, anxiety and fear are unpopular. The paradox is that the things governments do to minimize these scourges — legal job guarantees, higher minimum wages and various industry protections — weaken job creation. Unemployment drifts up because the young can't find work, and some industries shrink.

The central question for Europe is whether it can use its recovery to pare back self-defeating policies and practices. Let's imagine a virtuous circle. As the recovery accelerates, governments loosen protective policies precisely when their constituents need them less. Unemployment drops, sustaining the recovery and enabling the process to continue. Wages (and inflation) remain tame, because heightened job insecurity — the consequence of past unemployment — prompts wage restraint.

Granted, the odds against this are long. Countless politicians who have tinkered with the present system have been hurled from office. France's recent conservative government is the latest example. Even Mrs. Thatcher's success was a bit of a fluke, says David Walton, an economist at Goldman Sachs in

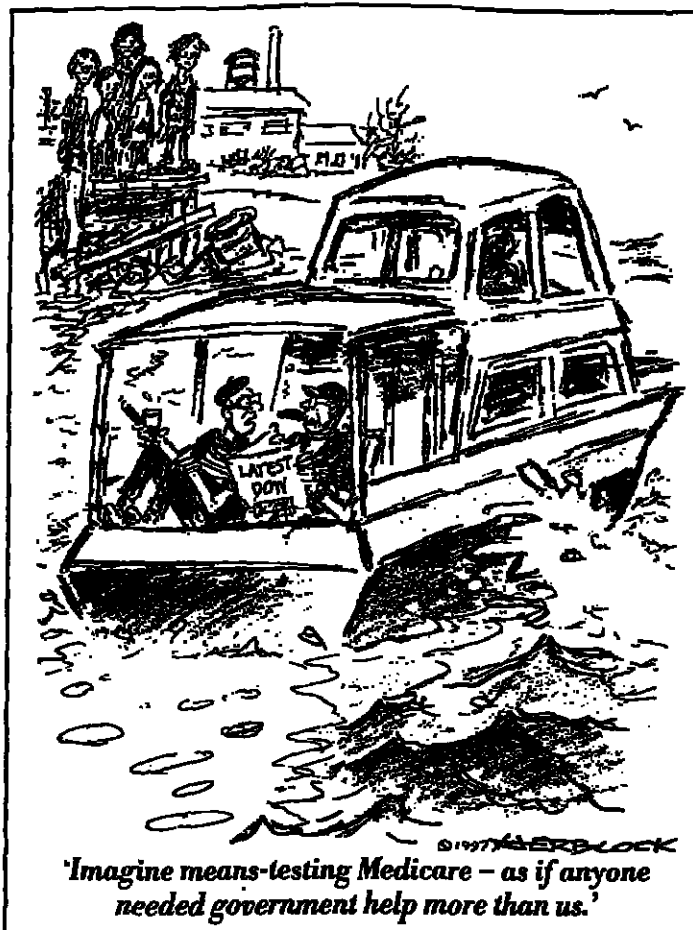
London. Her early policies were unpopular (unemployment was 12 percent in 1983). What re-elected her in 1983 was victory in the Falklands War the previous year.

Finally, there is the stigma of seeming to ditch the "European economic model" for the allegedly cruel "Anglo-Saxon model."

But the odds are not impossible. The debate over rival models is artificial, because the differences are exaggerated: each mixes government protections and market forces. Even many Europeans see their mix as too protective. Companies are increasingly disenchanted with restrictions on their freedom and are more willing to resort to layoffs. The common European currency would require more flexibility to adapt to new competitive conditions.

Timing is everything in politics, and an improving economy and a shifting intellectual climate create an opportunity. It gives Europeans a chance for renewal. If they miss it, they can blame only themselves.

Newsweek



'Imagine means-testing Medicare - as if anyone needed government help more than us.'

LETTERS TO THE EDITOR

Karadzic at Large

Regarding the editorial "Focusing on Bosnia" (Aug. 18):

The argument is made that the use of American troops in an operation to arrest Radovan Karadzic would be too risky. This grossly overestimates the military threat that Mr. Karadzic and his followers pose, and grossly underestimates the threat of his continued grip on Republika Srpska to peace and democracy in Bosnia.

No military action is without its risks. But overwhelming the "special police" who guard Mr. Karadzic's villa should pose little problem for the world's leading military alliance.

The arrest action in Prijedor last month shows that the risks of regulation are limited. There were no serious incidents following the NATO action.

The real risk is in not arresting Mr. Karadzic. He remains in effective control of Republika Srpska, blocking all of the Clinton administration's key goals for peace building, including enhanced respect for human rights

through police and judicial reform, tackling corruption and organized crime, the return of refugees to their homes and the holding of free and fair elections, scheduled for Sept. 13 and 14.

Every effort by the international community to "sideline" or "intimidate" has failed. After repeated assurances, Slobodan Milosevic's empty promises to curb him should convince no one.

President Bill Clinton has stated that "peace cannot endure long without justice." Radovan Karadzic has twice been indicted for war crimes, including genocide and crimes against humanity. The time to arrest him is now.

LOTTIE LEICHT,
Human Rights Watch,
Brussels.

JOHN W. HEFFERNAN,
Coalition for International
Justice, Washington.

Once cannot but applaud the editorial's call for the new NATO commander in Bosnia, General Wesley Clark, to "give his forces an expanded role in safeguarding

refugees returning to communities where they are members of an ethnic minority." But Muslims and Serbs cannot be expected to resettle in Republika Srpska while Mr. Karadzic is undisturbed, guarded by his own special police just outside Sarajevo, instead of awaiting trial in The Hague.

ANNA HUSARSKA,
Sarajevo.

Aid to Phnom Penh

Regarding the report "Unity on ASEAN Mediation" (July 28):

The article states that "some major donors, including Australia, have suspended aid to Phnom Penh to protest Mr. Hun Sen's takeover of the government." Australia has not suspended its aid program to Cambodia. At this stage, the program is continuing for humanitarian reasons.

ROBERT GLASSER,
Canberra.

The writer is director of the Mekong Section of the Australian Agency for International Development.

Seventeen, Pregnant, And Not About to Wed

By Melissa Ludtke

CAMBRIDGE, Massachusetts — She was 17 years old, six months pregnant with her second child, and living in public housing in Boston with the 21-year-old man who is the father.

She had earned a Graduate Equivalency Degree. Her boyfriend hadn't, nor had he finished high school or secured a job.

Did she intend to marry the father of her child?

"Get married? Never," she told me.

Like most of the dozens of teenage mothers I interviewed from 1992 to 1995, this young woman was raised in a poor and fractured family and community.

Her mother and father were not married; her mother's first husband was an alcoholic. The second husband, the young woman said, had tried to sexually abuse her. Her mother was unwilling to protect her, she claimed, so at 15 she left home. Soon she became pregnant.

Like most adolescent mothers — and there are half a million new ones each year in the United States — she was aimless, failing in school, feeling abandoned. She saw having a baby as giving her someone to belong to and something to be.

Although the rate of births to teenage mothers has declined significantly since the 1950s, out-of-wedlock births to adolescents are way up: 76 percent of teenage mothers are not married, compared with 15 percent in 1960.

The new U.S. welfare law offers a bonus of \$20 million apiece to the five states that show the greatest two-year decline in out-of-wedlock births.

There was a time, not very long ago, when it made sense for teenagers who were about to become parents to get married, even though many such marriages did not last. Young men who hadn't finished high school could find steady jobs with decent wages, work that provided some benefits for families.

There were also fewer expectations for women. If a teenager abandoned her education to become a wife and mother — as many did — most people considered that trade-off acceptable.

But today the employment prospects for poorly educated young men are dim. When men cannot provide for a family, they are less likely to get married. And when teenage mothers marry, many end up abandoning their own education.

A lot of the young mothers I spoke with told me that if they had married the father of their child, he would have insisted they leave school to devote their full energies to him and the child.

Adolescent mothers often receive essential support from family members — guidance and assistance that enable them to stay in school, learn how to be better parents, and prepare for employment. Some of them would lose that support if they got married and moved out.

Also, a young mother's family often views her in a different way

Many adolescent mothers who marry end up abandoning their education.

once she is married, expecting her and her husband to be self-sufficient.

Would marriage mean that a poorly educated teenage mother would read to her children? Not necessarily. Would marriage mean that a very young mother would not become overwhelmed by her responsibilities and harshly discipline her child? No.

It is important for a child to have both parents present. But for young parents who have little knowledge of how to raise children well, getting married, by itself, will not solve the difficulties their children face.

Most of the young mothers I visited said they were ready to be mothers, but not wives. They got it half right. Being a wife isn't something an adolescent girl should take on.

Our job is to help them, and their boyfriends, understand why they are not ready to be parents, either.

The writer is author of the forthcoming "On Our Own: Unmarried Motherhood in America." She contributed this comment to The New York Times.

BOOKS

LONDON

By Edward Rutherford. Illustrated. 829 pages. \$25.95. Crown Publishers.

Reviewed by Christopher Lehmann-Haupt

UNLIKE the New York of the television police drama, London has never been the naked city, nor has its population ever been eight million. Still, a lot of people's stories are told in "London," Edward Rutherford's grand new novel, which traces the English city's history from the Druids to the Blitz.

In fact, so many people's stories are told that you have to keep consulting a chart at the front of the book, which lists the names of 131 characters belonging to some seven families, who intermarry, change their names, make fortunes, sink to poverty, act heroically, practice villainy, fight duels, make love, worship God, counsel kings, preach sermons, build cathedrals, write poetry and do all the other things that have made English history for more than two millennia.

How on earth does one keep track of all these people through 21 episodes featuring the families' successive generations? The author makes it reasonably easy.

A Cambridge University graduate whose previous novels are "Sarum," a 10,000-year history of the city of Salisbury, and "Russka," a history of Russia, Rutherford is consciously trying to apply James Michener's techniques to the United Kingdom.

He gives the characters in "London" prominent physical traits like the long noses that characterize all the members of the Silversleeves family, or the patches of silver hair and webbed fingers that keep showing up on the Ducks, or memorable surnames like Bull, Penny and Barnikel (so-called because one ancestor, a fearsome Viking warrior, disliked killing children and gave the order

before each raid, "Bairn ni kel," or "Don't kill the children.").

Each episode is a punchy tale made up of bite-size chunks ending in tiny cliffhangers (kerbangers?). And telling of greed, lust, revenge, loyalty, bravery, cleanliness and reverence, Rutherford's storytelling is often not subtle.

But then plot and character profundity is hardly the point. The purpose of "London" is to weave together the great events of English history and to embroider into that tapestry the famous figures. So typical episodes concern the invasion by Julius Caesar's legions in 54 B.C.; the pressures on Anglo-Saxons to convert to Christianity in the seventh century; the rise of chivalry and the Crusades; the building of the Globe and St. Paul's Cathedral; the plague, the great London fire and War Tyler's rebellion; and the coming of the Industrial Revolution.

We witness firsthand the loss of Henry VIII. We overhear Geoffrey Chaucer deciding to write "The Canterbury Tales." "Write it in Latin," advises a friend who thinks that English is evolving too quickly. "Don't let your life's work be swept away. Leave a monument, for future generations."

THE fun of it all is seeing the pieces fall into place. The origins of words and place names: at the time of the Norman Conquest, "the land was divided into country shires, each with a shire reeve — the sheriff — who collected the King's taxes and oversaw justice." How to forge and link chain mail, design a coat of arms, build the Tower of London, transform base metal into gold, or at least convince the gullible that you can do so.

Certain shortcomings are inevitable. It's hard to identify with a city, and you know how everything will turn out. London will survive and expand. Yet for all the fun of the novel, Rutherford has some serious points to make: As the god of his

creation, he sits back and pares his fingernails, allowing villainy to be rewarded and virtue to be punished, and passing no final moral judgments on his characters. What he seems to mean by this is that the ways of history are inscrutable.

More important to him is the wonderful distinctiveness of London. As one character representing his views puts it: "London was always a city of large numbers of aliens who quickly assimilated." He continues: "I doubt very much whether our Anglo-Saxon ancestry would make up one part in four. We are, quite simply, a nation of European immigrants with new graftings being added all the time. A genetic river, if you like, fed by any number of streams."

And he pulls off some remarkable effects, typical of them a description of a Puritan character named O Be Joyful Carpenter listening to the chiming of London's bells: "Louder and louder now their mighty ringing grew, clanging and crashing down the major scale, drowning out every puny tune, until even the dome of St. Paul's itself seemed to be resonating in the din. And as he listened to this tremendous sound echoing all around him, so strident and so strong, it suddenly seemed to Carpenter that he could hear therein a thousand other voices: the Puritan voices of Bunyan and his pilgrim, the voice of his father Gideon and his saints, of Martha, why even of the Protestant Almighty himself. And, lost in their massive chorus, for a moment forgetting everything, even his own poor soul, he hugged his grandchildren and cried out in exaltation: "Hear! Oh, hear the voice of the Lord!"

Then all the bells of London rang, and then O Be Joyful was joyful indeed. What a delightful way to get the feel of London and of English history.

Christopher Lehmann-Haupt is on the staff of The New York Times.

BRIDGE

By Alan Truscott

TWO Scandinavian teams battled recently in the World Junior Team Championship finals in Hamilton, Ontario.

Denmark defeated Norway by 70 imps. The Danish team was Freddy Bronnum, Mik Kristensen, Lars Lund Madsen, Morten Lund Madsen, Mikkel Nohr and Jacob Ron.

The Norwegians won the silver medal. Russia defeated Canada by 32 imps, winning the bronze.

haunted by the diagrammed deal, which cost them far more than their margin of defeat.

The Russians use the Polish Club system, and East's one-diamond bid usually shows a five-card suit.

Lars Madsen made a one-heart overcall, raised to game. He charged ahead with four no-trump, and the five-diamond response showed that North held neither an ace nor the trump king.

East doubled, unwisely, to ask for a diamond lead. South signed off in five hearts, knowing the black aces were missing.

Madsen's brother and partner decided his diamond void was just what partner needed and bid slam. This would have seemed foolish after a

black-suit lead, but proved brilliant.

East doubled six hearts, hoping this would cancel the lead request.

This did not get through to West, who led a diamond. South was alarmed by dummy but gratified by the lead.

He threw a club from dummy, won in his hand and ruffed a diamond. He entered his hand with a trump lead and ruffed another diamond.

A second trump lead to his hand let him throw two more clubs on diamond winners and ruff his club with dummy's last trump. Then a spade lead let him score his king and make his slam.

Five hearts was made in the replay. Denmark gained 14 imps, and would have lost 13 with another lead.

NORTH			
♠ J10755	♥ 105532	♦ —	♣ KQ5
WEST D			
♠ 8332	♥ 38	♦ 7432	♣ 1032
EAST			
♠ AQ	♥ 7	♦ KJ108	♣ A3764
SOUTH			
♠ K4	♥ AKQ84	♦ AQ985	♣ 2
Both sides were vulnerable. The bidding:			
West	North	East	South
Pass	Pass	1♥	1♥
Pass	4♥	Pass	4NT.
Pass	5♦	Pass	5♦
Pass	6♥	Pass	6♥
Pass	Pass	Pass	Pass
West led the diamond ten.			

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HEALTH/SCIENCE

A Mind Like a Computer: Handicap Can Be an Asset

By Gary H. Anthes

WASHINGTON — Sara Miller, a computer programmer, can detect flaws in software almost at a glance by spotting irregularities in the coding patterns. And she helps clients with programs she has not seen in years by using a "printout" of the program logic in her mind.

But Ms. Miller, president of Nova Systems Inc. in Milwaukee, can be stymied by the most mundane decision if she has not encountered it before and "programmed" her brain with an appropriate response. And everyday experiences like traffic jams can send her into a panic so intense she likens them to running a four-minute mile.

Ms. Miller, 42, is one of a small number of autistic adults who have found employment in computer work. Her case of autism is relatively mild, and she was diagnosed only five years ago. Unlike most autistics, she has normal intelligence and is able to form relationships with other people. Indeed, Ms. Miller has turned her special ways of thinking — a mighty memory, vivid visualization and potent powers of concentration — into vocational assets.

"I have a very limited, black-and-white interpretation of the world," said Ms. Miller. "And in computer programming, you either have the bit on or off."

Autism is a complex neurological disorder often marked by the inability to form emotional attachments and communicate. Poorly understood, it may

stem from immature development of certain parts of the brain combined with hyperdevelopment in other regions of the brain, and possibly abnormal brain chemistry. By one estimate, 80 percent of the 400,000 autistic people in the United States are mentally retarded. A few have IQs in the genius range.

"Autism involves splinter skills," said Joel Smith, executive director of the Autism Services Association in Wellesley, Massachusetts. "In mental retardation, development is all at the same low level, but in some cases of autism, you get some skills that are very, very high and some that are low."

Autism cannot be cured, but its symptoms can be treated to varying degrees. The majority of autistics are often so disabled that they spend their lives under supervision, usually in special residential facilities. Only a few are like the autistic "savant" portrayed by Dustin Hoffman in the movie "Rain Man" — combining extraordinary mental gifts with debilitating social defects. But many seek out solitary activities like computer use.

"There is something about computers that is very autism friendly," said Dr. Ami Klin, assistant professor of child psychology at the Yale University Medical School. "Computers are very rigid, and so are the people we work with."

"One of my clients once had a very nice insight," she added. "He described himself as a computer simulation of a human being. He tried to decode the social world in a way that a computer would try to make sense of it."

That way of thinking clearly works for Ms. Miller. Her company develops software that controls factory equipment like robotic welders. Before becoming a programmer, she earned high marks as a quality control specialist in a food-processing plant.

"I observed the logic of processing food," she said. "I could remember a lot of details in my head at one time, kind of like the Rain Man counting cards."

Like Ms. Miller, Dr. Temple Grandin — the autistic "Anthropologist on Mars" in Oliver Sacks's book by that name — uses rich computer metaphors to describe her thinking. "All of my memories are stored as images," she said. "I can go and look at these pictures like Web pages on the Internet."

THAT is far from a handicap in Dr. Grandin's work. An assistant professor of animal science at Colorado State University, she is recognized as a world expert in animal psychology and the design of humane facilities for cattle handling and slaughter. Her equipment is perfected by simulating its use in her brain, she says.

"I can run the equipment in my head the way you would on a 3-D graphics work station," Dr. Grandin said. "I used to think everybody could do that."

Ms. Miller's thinking is also intensely visual. Her response to any situation is driven by memories of earlier experiences encoded as images, not words. "It's like I'm always running a video camera. What I have to do is

create memories from visual aids," she said. "I can't think myself out of a brown paper bag if I haven't seen something before."

Ms. Miller says she lacks "common sense" when confronted with mundane but novel situations — for example, what to do with a used jelly jar.

Ms. Miller's panic comes when she faces situations for which she has no stored image and associated behavior logic. "To see a new customer on my own would make me freeze in extreme anxiety," she said. "It's this overwhelming fear that a lion, tiger or bear is going to jump out at me. So my business partner and I go for the first time together."

"On the next call, I can go by myself, because I've built a visual memory of where all the parts and pieces are, and I know where to look for the lions, tigers and bears."

Ms. Miller's reference to wild animals is perhaps a bit more than metaphorical. Autism often brings a hypersensitivity to sights and sounds, and, according to Ms. Miller, that sensitivity is especially acute when visual images are unfamiliar.

Ms. Miller compares herself to a cat checking out new territory by comparing the images from new experiences with those in her memory. "I maul them up, bit by bit," Ms. Miller said. "As soon as I notice one bit that's not the same, an alarm goes off. It's sort of the animal fright reaction."

Gary H. Anthes, senior editor of Computerworld, wrote this for The Washington Post.



Sara Miller runs a company that develops computer software.

Estrogen Therapy? A Dilemma

By Jane E. Brody
New York Times Service

NEW YORK — Women of a certain age are justifiably confused. One day they hear that taking postmenopausal estrogen may cut their risk of Alzheimer's disease by more than 50 percent.

The very next day, another study links the long-term use of postmenopausal hormones to a 50 percent decline in deaths from heart disease but also a 43 percent increase in breast-cancer deaths.

Since breast cancer is the disease most feared by American women — even though it is far from being the biggest cause of death among them — it is easy to understand why most postmenopausal women are running scared. Only about a quarter to a third have chosen to use hormone replacement and of those, only about half will stay on the therapy for more than a few years.

Should the hormones be taken? If so, for how long? Those questions are not easily answered. Definitive statements about benefits and risks, and how they might apply to individual women, cannot be made now. That must await the results of long-term studies now in progress, and full results may not be available for more than a decade.

Meanwhile, one million women in the United States every year enter menopause and face the "should I or shouldn't I" dilemma, and they have to make their decisions based on less-than-complete evidence.

Last spring, researchers from the New England Medical Center in Boston published an analysis demonstrating that for most women, hormone replacement was more likely to extend life than shorten it. The exception was women with no known risk factors for heart disease or hip fractures but with two close relatives with breast cancer.

If a woman has even one coronary risk factor like high blood pressure, diabetes, low levels of protective HDL cholesterol or cigarette smoking, benefits of long-term hormone use would

outweigh her risk of dying of breast cancer, the analysis indicated.

A healthier way of life might have the same beneficial effect as hormone replacement, and the two together may be even better. Also, the researchers did not consider the one coronary risk you can do nothing about: a family history of premature heart disease. For example, having a parent who develops heart disease in his or her 50s.

Among the breast cancer risk factors considered were conditions usually beyond a woman's control. In addition to breast cancer in a mother or sister, those risk factors included never having had children or having a first birth after age 30, entering menarche early or menopause late, or having had suspicious breast changes that required a biopsy. Again, though, the researchers did not examine physical activity, which, if

Definitive statements about the benefits and the risks cannot be made now.

engaged in for four or more hours a week during the premenopausal years, may reduce a woman's breast cancer risk by 50 percent.

Still, weighing the risk of heart disease against the risk of breast cancer can be a tough call. According to the latest report from the Nurses' Health Study, hormones must be continued indefinitely to maintain the protection against coronary deaths. But the longer a woman takes estrogen, the greater her chances of dying of breast cancer.

But even among those taking hormones for more than 10 years, the benefits to the heart greatly outweighed the risk to the breasts: women taking hormones lived longer. That study, which is following the effects of hormone replacement among 60,000 postmenopausal women, had previously indicated that women who did not consume al-

cohol had no increased risk of breast cancer when they took estrogen.

As for the risk of hip fractures, it is too late for women now in midlife to take the steps shown to be most important for children and young adults: eating a calcium-rich diet and engaging in regular physical activity.

Still, bone density can be improved even late in life by increasing intake of calcium and vitamin D (through foods and/or pills), doing regular weight-bearing or muscle-building exercise and, perhaps, by taking one of the new drugs that increase bone density.

Aside from direct risks to life, there are other health effects and quality-of-life issues to take into account when deciding whether to take hormone therapy. Estrogen after menopause can increase the risk of gallbladder disease and phlebitis, and even when estrogen is taken with progestin, there is a slight increase in the risk of uterine cancer.

On the other hand, there is fast-accumulating evidence that the long-term use of estrogen can cut a woman's risk of developing Alzheimer's disease by more than half. Also, the bone-building benefits of estrogen accrue to bones everywhere in the body, including the mouth. Women taking estrogen are more likely to retain their natural teeth as they age, which usually means better nutrition and improved health in one's later years.

Then there are menopausal symptoms. When estrogen levels drop in menopause, some women experience life-disrupting effects, like extreme vaginal dryness, sleep disturbances from night sweats, drenching daytime flushes, depression and other mood disturbances.

Finally, there is the matter of emotional comfort. If you take hormones even though you are uneasy about them, you will probably blame them for everything that goes wrong with your health. Keep in mind, though, that one in eight American women will develop breast cancer — based on a life span of 85, with most of those cancers occurring in the later years — so a woman has a good chance of getting this disease with or without hormone replacement.

No Wings and a Prayer

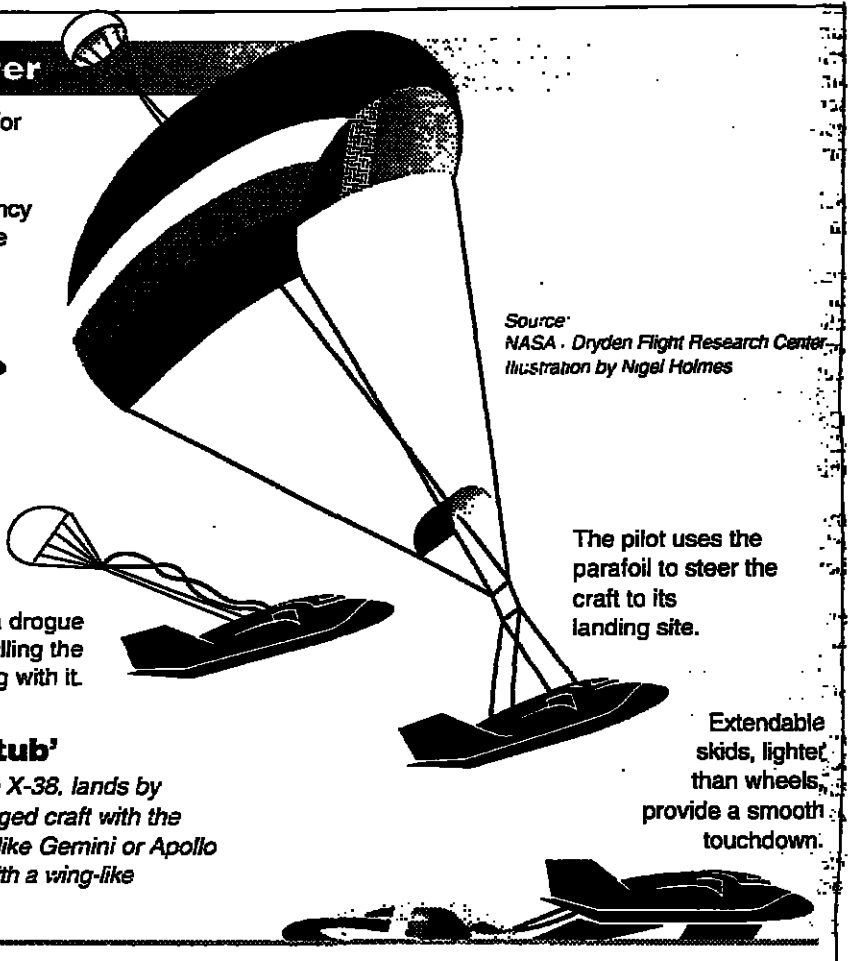
Engineers developing rescue vehicles for astronauts on the international space station are turning to wingless aircraft known as lifting bodies. In an emergency these craft would be launched from the station and glide to earth.

After jettisoning the engine that takes it away from the orbiting space station, the X-38 glides without power, like the space shuttle.

At 15,000 feet, a drogue parachute deploys, pulling the parafoil along with it.

Landing a 'Flying Bathtub'

NASA's prototype rescue vehicle, the X-38, lands by combining the maneuverability of winged craft with the ballistic re-entry of earlier spacecraft like Gemini or Apollo capsules. The pilot guides the craft with a wing-like parachute, a steerable parafoil.



The 'Flying Bathtub' Is Back

By Warren E. Leary
New York Times Service

NEW YORK — They were some of the oddest aircraft ever to fly. People called them "flying bathtubs," "finned potatoes" and other strange names. Engineers knew these strange wingless craft as "lifting bodies" because their flights were buoyed by air passing under the sculptured shape of their bodies.

They last flew more than two decades ago as engineers worked to design simple vehicles that could fly back to Earth from space and land like an aircraft on a predetermined runway, work that was later applied to the space shuttle.

But the flying potato is back, and in a new role. Taking advantage of the wealth of lifting-body research done years before, engineers at NASA's Johnson Space Center in Houston have proposed that such a craft serve as a lifeboat for the planned international space station. With construction of the station scheduled to begin in space next year — and with troubles on the Russian space station Mir continuing to make headlines — there is new urgency in the design and development work.

Tucked under the wing of a B-52, a new lifting body has begun a series of flights at the National Aeronautics and Space Administration's Dryden Flight Research Center at Edwards, California. If all goes as planned, this fiberglass X-38 prototype will begin unpowered flights by mid-September to test its aerodynamics and an unusual parafoil landing system designed to guide it back to Earth for desert landings. If successful, the 24-foot-long (7.3-meter) model, flown 10 to 20 times in the next year and a half, could eventually lead to the first new manned spacecraft in two decades.

John Muratore, the X-38 project manager at the Johnson Space Center, said that a crew-return vehicle based on the prototype, designed to carry six people, would be able to stay at the station for up to three years with little maintenance. The craft may also be modified to act as a space tug, he said, occasionally leaving the station to pick up a payload launched by another rocket and bringing it back to the station.

The Houston team, voicing NASA's new mantra of quicker, cheaper and better approaches to problems, estimated that it could develop, test and produce four operational spacecraft for

about \$500 million. The agency previously estimated that it would cost at least \$2 billion to build a crew-return vehicle for the space station, which is to begin full operation around 2003.

Much of the X-38 design is based on the X-24A, a bulbous vehicle shaped like a teardrop with fins that was built for the Air Force by Martin Marietta. This piloted craft flew 28 times from 1969 to 1971 and helped prove the concept that a returning space vehicle could land on a runway without engine power, as current space shuttles do.

"We took the X-24A design and started modifying it," Dr. Muratore said. "They did some brilliant work back then, and we had a gold mine of information to work with." For example, the early lifting-body programs produced some 5,000 hours of wind tunnel research that would have cost \$30 million to duplicate, he said. As a result of the information gleaned from those experiments, he said, the X-38 has so far required only 100 hours of wind tunnel research, at a cost of \$1 million.

THE lifting-body concept, which was conceived in 1957 by Dr. Alfred Eggers Jr., calls for a vehicle to gain aerodynamic lift from its body contours rather than from wings. The idea was to build a rocket-boosted spacecraft that would not have the added weight and complexity of wings but that could return from space through the atmosphere and land on a runway.

The lifting-body designs were generally either rounded on the bottom and flat on the top, like the pioneering M-2 series of "flying bathtub" craft, built by the Northrop Corp., or they had a flat bottom and a curved top, like Northrop's HL-10 and a design proposed earlier by NASA's Langley Research Center as a crew rescue craft, the HL-20. Engineers found that subtle changes in the curvatures and planes of the craft could drastically affect lift and other aerodynamic characteristics, often requiring the addition of fins and control surfaces, like flaps and ailerons, to maintain stability.

Lifting-body designs were considered for the space shuttle when it was being developed in the 1970s, but NASA eventually settled on a more conventional winged craft.

Dr. Richard Hallion, the chief historian for the U.S. Air Force and an expert on the early space program, said

there was a big debate in the 1960s on the best way to bring payloads, including people, back from space. Some advocated re-entry vehicles with wings, as proposed for the air force's aborted Dyna-Soar space glider, so a spacecraft could be guided to a wide range of landing sites. Others argued for a simpler ballistic re-entry using capsules lowered by parachutes, as was the case with early Mercury, Gemini and Apollo manned spacecraft. The lifting-body blended advantages of each approach, Dr. Hallion said.

"When you look at the hypersonic design work of the '50s and '60s, a lot of it was really very good, far in advance of its time," he said. "What was not as advanced was the ability to develop the structures, materials, propulsion, guidance and controls to make operational vehicles based upon the research."

Advances in materials science, computers, simulation and testing, and electronics have now tipped the balance. Lockheed Martin selected a lifting-body design for its winning entry in another project, a NASA competition to build a next-generation space rocket that might be a shuttle replacement. The company's famed Skunk Works division, noted for making secret spy planes and other exotic aircraft, picked a lifting-body design for the prototype in that project, called the X-33, a test rocket that is scheduled to fly in 1999. The X-33 is supposed to demonstrate the technology needed for a larger, reusable vehicle that could lift payloads into space far more cheaply than current rockets.

Dr. Muratore of NASA said that if his team was successful in developing the X-38 as the rescue vehicle for the space station, it could later be modified for other uses. The European Space Agency is working with NASA on the project because of its interest in developing a crew transfer vehicle, a spacecraft that could carry crews to and from the space station and perform other jobs in orbit. The Europeans have proposed changes that would allow a craft based on the X-38 to be launched as well as a variety of other rockets. These changes would include adding ejection seats to launch a crew of three and land with up to six people aboard, engineers said.

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Solution to Puzzle of Aug. 20

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EU Agency Lets Bonn Strike Debt

Ruling Helps Germany Meet Criteria for Euro

Compiled by Our Staff From Dispatches

BOON — Germany said Wednesday that the European Union's statistics agency had endorsed government plans to strike 5 billion Deutsche marks (\$2.72 billion) in hospital debt from the budget, helping Bonn qualify for Europe's single currency.

A Finance Ministry spokesman said Eurostat had given the all-clear to factor out the debt owed by public hospitals, helping Bonn cut its budget deficit this year to the limit set by the Maastricht treaty.

The move would knock up to two-tenths of a percentage point off the deficit in relation to gross domestic product, and bring the Maastricht ceiling of 3 percent of GDP within reach.

The chances are good that we will reach 3 percent," the spokesman said.

Independent economists said the measure would bring Germany in line with all other EU members, which had made the change earlier on the basis of a Eurostat ruling. They said it did not amount to a fudge of the Maastricht criteria, as German statisticians had simply lagged other EU countries in scratching debts owed by hospitals that get more than half of their income from privately insured patients.

"This is really old hat," said Eckhard Schulte of the Industrial Bank of Japan in Frankfurt.

Finance Minister Theo Waigel has come under heavy pressure from leaders in his Christian Social Union to not allow hedging of the 3 percent ceiling on debt to make sure the planned single currency is stable.

But the Organization for Economic Cooperation and Development predicted this week that Germany's deficit this year would be 3.2 percent of GDP.

Mr. Waigel also said indicated he might not wish to remain finance minister after general elections in September 1998.

"Nine years as finance minister is enough," he told Bavarian television in an interview broadcast late Tuesday.

But on Wednesday he modified that stance.

"I have been fulfilling my duties as finance minister for longer than two legislative periods now, and I will continue to fulfill them through this period as well," he said.

"Anything further depends on the electorate's vote in the Bundestag elections in 1998," he added. "I don't want

See EMU, Page 12



REVVING UP FOR COMPETITION — Volkswagen AG's new Golf getting a final polish before it goes on the market. In the wake of Chrysler Corp.'s announced price cuts, the German carmaker said the new Golf would start at 25,700 Deutsche marks (\$14,043) and would come with anti-lock brakes, four airbags and power steering, compared with a similar Golf from the current series, which would cost 26,060 DM.

JB Oxford Is Investigated by the SEC

Compiled by Our Staff From Dispatches

LOS ANGELES — JB Oxford Holdings Inc., a brokerage firm raided by U.S. and Swiss law enforcement agents this week, is under investigation by the U.S. Securities and Exchange Commission for its role in alleged stock manipulation, a Swiss official said Wednesday.

"The SEC is investigating the role of a financier in an ongoing scheme to manipulate the prices of certain securities listed in the U.S.," said Folko Galli, a spokesman for the Swiss Federal Office of Police Matters. "A stock promoter may be manipulating securities through his undisclosed control of JB Oxford."

Earlier this week, law enforcement agents armed with search warrants raided the broker's offices in Beverly Hills, California and Basel, Switzerland.

Mr. Galli said police officers confiscated documents from Oxford's Basel office in response to "a request by the U.S. Securities and Exchange Commission." The Securities and Exchange Commission began discussing the probe with Swiss authorities in April, Mr. Galli said.

The Oxford chairman, Felix Oeri, said the raids were part of an SEC probe of "transactions in 1995 and at the beginning of 1996."

He said that among those under investigation was the father of Oxford's

chief operating officer, Ian Kott.

Mr. Oeri, who became chairman of the discount brokerage operator Aug. 8, stressed that the investigation was unrelated to Oxford's JB on-line stock trading service, which allows investors to place, buy and sell orders using the Internet.

Mr. Oeri is Oxford's largest shareholder, with 2.6 million shares, an 18.4 percent stake.

Irving Kott, Ian's father, is now an "ad hoc consultant for advertising and marketing" for Oxford, according to the company's spokesman, Michael Kolbenschan.

Both the U.S. Justice Department and the Securities and Exchange Commission have declined to comment on the investigation.

Irving Kott has attracted the attention of securities regulators more than once. In 1990, he paid Dutch authorities 7 million guilders (\$3.4 million) to settle a criminal investigation into his activities in the Netherlands.

Investigators claimed Mr. Kott ran a huge telephone "boiler room" that operated 24 hours a day, promoting stocks around the world with high-pressure pitches to investors.

And a court in Ontario fined Mr. Kott 500,000 Canadian dollars (\$358,654) in 1976 for securities fraud.

Mr. Kott did not return calls to his home or his Montreal office.

Trading in Oxford stock was halted on the Nasdaq stock market Tuesday after falling 16 percent to \$1.344.

On Wednesday, the stock continued plummeting, and was at 81.25 cents in late trading in New York.

Problems at Oxford could hurt other brokerages that clear their trades through Oxford.

"If they were shut down, it could have a domino effect because they serve as a clearing firm for a lot of companies," said Jay Gillock, president of Landmark Securities Corp. in Houston, which clears about 2,500 trades a day through Oxford.

JB Oxford Holdings, which reported total assets of \$532.5 million on June 30, reported first-half revenue of \$33.8 million.

The National Association of Securities Dealers released a history of the firm showing that Oxford was the subject of a cease and desist order from the Connecticut Department of Banking last year.

The state alleged the firm employed unregistered agents and fined Oxford \$35,000.

Sources close to the investigation said Oxford's links with Mr. Kott is the focus of the federal investigation.

Press reports have depicted him as advising several penny stock firms that left investors with huge losses.

(Bloomberg, Reuters)

U.S. Trade Gap Hits Record Low in June

Deficit Points to Faster Growth

Compiled by Our Staff From Dispatches

WASHINGTON — The U.S. trade deficit narrowed unexpectedly in June as American exports climbed to a record high and imports shrank for the first time in eight months. But the politically sensitive deficit with China and Japan both widened.

The Commerce Department said Wednesday that the overall deficit shrank by 14.5 percent, to \$8.16 billion. It was the smallest imbalance since March and compared to a May trade gap of \$9.54 billion.

Analysts said the figures suggested that U.S. economic growth in the second quarter might not have slowed as much as previously believed, raising the odds that Federal Reserve policymakers would increase borrowing costs later this year.

The unexpected narrowing of the U.S. trade deficit in goods and services in June means Americans produced more and bought less from overseas.

That suggests the U.S. economy expanded at an annual rate closer to 3 percent or 4 percent in the second quarter than the 2.2 percent rate reported by the Commerce Department last month.

"This is likely to dramatically alter perceptions of Fed policy," said Ian Shepherdson, chief economist at HSBC Markets Inc. in New York. "The second quarter slowdown never happened."

Because the June trade figures were not available for its initial GDP report, the Commerce Department had estimated that the June trade gap would be \$11.5 billion. Moreover, business inventories in June were also much higher than the Commerce Department guessed in its advance GDP report.

Taken together, those revisions mean the Commerce Department will revise upward its estimate of second-quarter growth next week, analysts said. "It appears that second-quarter growth will be revised to 3.5 percent to 4.0 percent," said Bill Sharp, an economist at Smith Barney in New York.

Even with the better-than-expected showing in June, the trade deficit for the first half of this year is running at an annual rate of \$111.1 billion, putting the country on track for its worst trade performance since 1988.

Paul Kasriel, economist at Northern Trust Co. in Chicago, said the June trade improvement could be short-lived, given recent financial market turmoil in several Asian countries.

The recent currency devaluations and economic difficulties in Southeast Asia will likely increase our import growth and slow exports to that region," he said.

Financial markets had a split reaction to the trade report. Bond prices fell as

investors worried that the rise in export demand could spell inflation troubles down the road. But stock prices rose as demand for technology companies picked up. (Page 12)

For June, the deficit with Mexico, which had climbed to record levels, narrowed 29 percent, to \$1.2 billion, as American exports to that country hit a record high. The administration has attributed the widening trade gap with Mexico to that country's severe currency crisis in late 1994 and said that without the North American Free Trade Agreement the situation would have been worse.

The deficit with China was up 14.5 percent, to \$4.3 billion, reflecting big increases in imports of Chinese clothing, shoes and toys. For only the fourth time in history, the deficit with China surpassed the trade gap with Japan, which also increased.

The trade gap with Japan rose by 11.6 percent, to \$4.1 billion, as imports of office machines and cars rose sharply.

Overall, U.S. exports of goods and services edged up 0.9 percent to a record high of \$78.4 billion. Imports, which had set seven straight monthly records, fell 0.7 percent, to \$86.6 billion. It was the first decline since last October.

Sales of American cars and parts, consumer goods and industrial supplies were all at record levels. But imports of American capital goods and high-technology products were also at all-time highs.

America's foreign oil bill declined by 4.5 percent in June, to \$5.8 billion. The volume of oil imports was down slightly while the average price per barrel of crude oil was up slightly to \$17.07, compared with \$17 in May.

A day after the Federal Reserve Board chose to leave the overnight bank lending rate unchanged at 5.50 percent — betting that the economy was not growing fast enough to cause inflation to accelerate — analysts were divided over the impact of faster growth in the second quarter.

Consumer spending, which slowed in the second quarter, has begun to rebound. If a pickup in consumer demand continues, it could lead to an acceleration in inflation, analysts said. Companies might raise prices if higher demand forced them to utilize less-efficient, higher-cost production equipment, and if the low unemployment rate forced them to pay more to attract scarce workers.

"It's inevitable that inflation is coming back," said Robert Giordano, a fund manager at Bank Leumi Trust.

"The Fed has been extremely tolerant in the last year and a half, but there are limits," said Josh Feinman, economist at Bankers Trust.

(AP, Bloomberg)

Pharmacia & Upjohn Names New Chairman, Again

Compiled by Our Staff From Dispatches

STOCKHOLM — Pharmacia & Upjohn Inc. said Wednesday that Soeren Gyll, the former chief executive of the automaker Volvo AB, has been named as its third chairman this year.

He replaces Jan Ekberg, who is reported to have asked to be replaced as chairman but will remain as a member of the board.

Mr. Ekberg, 61, headed Pharmacia AB of Sweden as it moved toward the 1995 merger with Upjohn Co. of the United States. Mr. Gyll, 56, has been a Pharmacia board member since 1995.

Mr. Gyll will be the third chairman this year at the drug conglomerate. Mr. Ekberg stepped down as chairman in January to assume the title of president.

After John Zabriske resigned, Mr. Ekberg returned to the chairman's post in May when Fred Hassan was named as president and chief executive officer.

Pharmacia, whose products include Rogaine, a hair restorer, and Nicotrol nicotine patches, has had disappointing profits as costs mounted.

At the end of July, the company announced a 34 percent drop in second-quarter profit, to \$178 million. Sales for the period slipped 4 percent, to \$1.7

billion. At the time of the announcement, Mr. Hassan said he thought 1997 would be "the repair year, and that 1998 is going to be a turnaround year."

Mr. Hassan has implemented a restructuring program that he has said

Analysts have been disappointed by the company's weak earnings.

would result in additional charges this year and further job losses on top of the 4,100 positions that have been cut since the merger.

"I have a long and strong commitment to Pharmacia-Upjohn," Mr. Gyll said Wednesday. "I will be giving my full support and cooperation to our new CEO, Fred Hassan, as he moves to unlock the full potential of this company."

Mr. Ekberg, in submitting his request to step down at a board meeting in Stockholm, noted that the company had entered a new phase with the appointment of Mr. Hassan.

But Mr. Gyll, who replaces Mr. Ek-

berg after two years in office, said he would be taking a back seat in the effort to turn the company around. He said he would act in a supporting role to Mr. Hassan. Mr. Gyll immediately gave his full backing to a major restructuring effort by Mr. Hassan, who took the helm of the divided company three months ago.

Mr. Gyll was on the board of Volvo from 1982 and from 1984 to 1995 was also a board member and former chairman of Pharmacia, which merged with Upjohn in November 1995.

Mr. Gyll admitted that the merger with Upjohn had not yet produced the results that had been anticipated but he said it was too early to write off the move as a failure.

As the company released a string of profit warnings over the past year, analysts have questioned the merger. Many have said the 1995 merger was a mistake because of clashes of management culture between the hard-driving American approach of Upjohn executives and the gradualist, consensus-oriented style of Swedish managers.

"It is far too early to say if the merger was a mistake," Mr. Gyll said. "There have been problems and some could perhaps have been avoided.

But both I and the rest of the board think that the program that Fred Hassan has put forward is excellent," he added.

Both sales and cost savings have been disappointing so far for the merged company. "What has been most lacking is the failure to meet sales targets and this is partly due to the fact that we have not managed to make all the cost savings we had hoped for but now we are working on this more," Mr. Gyll said.

But Mr. Gyll was quick to point out that it was Mr. Hassan who will implement the changes.

"The company has a new managing director and his job is to both correct and develop a number of things," he said. "The board's job is to advise on the plans and decide if the measures are suitable. It is the managing director that will take these through."

Mr. Gyll left Volvo earlier this year but remains on the board of a number of other major Swedish companies.

"I was chairman at Pharmacia before the merger. When we put the companies together Jan Ekberg was in charge and I was just been a normal board member. When I was asked to do this I thought it would be interesting," he said.

(AP, Reuters)

Rhone-Poulenc Raises Bid, Winning Rorer Over on Sale

Compiled by Our Staff From Dispatches

PARIS — Rhone-Poulenc SA said Wednesday that it had raised its bid for the third of Rhone-Poulenc Rorer Inc. it does not already own to \$97 a share from \$92, clinching the U.S. drug company's approval of the offer.

Share prices in Rhone-Poulenc, the largest drugs and chemicals company in France, jumped 13.30 francs, to 254.70 (\$41.24) after it reported the 27 billion-franc deal.

"It was clear from the start that \$92 was not going to be the final bid, and there was some talk of an increase to \$100-\$110," said Philippe Cottet of the brokerage Cholet Dupont.

The Rorer bid is part of Rhone-Poulenc's strategy to concentrate on health care to raise earnings and its share price. It plans to spin off its specialty-chemicals business next year; it will control the new company.

The share price of Rhone-Poulenc Rorer, in which the French group holds a 68.1 percent stake, rose from \$79 on June 25, when the bid was announced, to a high of \$96. In late

trading in New York, Rorer shares were up \$1 at \$96.125.

To pay for the purchase, Rhone-Poulenc has said it will raise about 13 billion francs from asset sales and the spin-off of its chemical business. It plans to raise another 7 billion francs by selling new shares.

Mr. Cottet said the capital increase would marginally dilute earnings per share for only three years.

Acquiring all of Rorer allows Rhone-Poulenc to regroup its health-care activities, which include wholly owned Pasteur Merieux Commaject Inc., one of the world's biggest vaccine makers; Centon, a blood plasma venture with Hoechst AG of Germany, and animal- and plant-health activities.

Rorer, whose 1996 sales totaled \$5.4 billion, specializes in drugs to treat allergies and respiratory diseases, cancer and heart diseases. It bolstered its line of asthma treatments with the \$2.89 billion acquisition of Fisons PLC in 1995. It also makes such over-the-counter products as Maflox antacid.

(Bloomberg, Reuters)

CURRENCY & INTEREST RATES

Aug. 20									
Cross Rates									
	US\$	DM	FF	Yen	GBP	CHF	Swk	DKK	Other
Australia	1.00	1.28	1.28	1.00	1.00	1.00	1.00	1.00	1.00
Belgium	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00
Canada	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00
France	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00
Germany	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00
Italy	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00
Japan	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00
Netherlands	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00
Spain	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00
Sweden	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00
Switzerland	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00
UK	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00
US	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00
Other	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00
Libor-Libor Rates									
	1-month	3-month	6-month	1-year	2-year	3-year	5-year	10-year	Other
US	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00
UK	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00
Other	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00
Key Money Rates									
	1-month	3-month	6-month	1-year	2-year	3-year	5-year	10-year	Other
US	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00
UK	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00
Other	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00
Forward Rates									
	1-month	3-month	6-month	1-year	2-year	3-year	5-year	10-year	Other
US	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00
UK	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00
Other	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00

INTERNATIONAL MANAGER

Ben & Jerry's Gets Down Home in Paris

Reuters

PARIS — Ben & Jerry's, the socially-conscious American ice-cream company that rarely uses conventional advertising, is running a campaign on Paris buses just over a year after arriving in France.

The campaign, running for two weeks from Aug. 7 during a heat wave in the French capital, is based on the sole campaign Ben & Jerry's ever ran in the United States, which was 10 years ago, a spokeswoman for the company's agency in France, Utopies, said Wednesday.

"We realized that it is very well-liked in France," she said referring to Ben & Jerry's, "but people who don't know it do not try it."

The campaign consists of two different posters depicting cows in Ben & Jerry's home state of Vermont and a spoon overflowing with fruit, nuts and ice-cream. The slogans reflect American humor: "In Vermont's harsh winter, they milk

cows directly into ice cream pots" on one, and "In our ice-creams, it's not the bits that are too big, but your mouth that is too small" on the other poster.

The company chose to advertise on the sides of Paris buses because it hopes to target urban consumers, the spokeswoman said. But she said the main thrust of Ben & Jerry's promotion in France, its fifth market outside the United States, is through social actions.

This summer the company, together with the magazine group Marie Claire, is helping seven young women who were unemployed for long periods start their own businesses, she said.

Last summer, Ben & Jerry's sponsored the part-time employment of 10 young social outcasts, including two homeless people, in Paris restaurants to introduce clients to the ice-cream brand, she said. Ben Cohen, cofounder of Ben & Jerry's, came over to France to teach the youngsters how to present the ice-cream, she said.

Ben & Jerry's, founded by Mr. Cohen and Jerry Greenfield in 1978 as a humble ice-cream parlor, had a turnover of \$167 million and net profit of \$4 million in 1996. The company is known for its weird flavor combinations and the humorous names of its ice creams, such as Chunky Monkey, a banana ice-cream containing chunks of dark chocolate and walnut.

It is also renowned for sticking to the social principles of its founders, by being responsible employers and buying from environmentally aware companies. It donates 75 percent of pretax earnings to socially-oriented projects.

Despite its lack of advertising, Ben & Jerry's has a 39 percent market share in the United States. It also is present in Canada

THE AMERICAS

Stocks Rise on Optimism Over Computer Companies

NEW YORK — U.S. stocks rose for the third straight day as better-than-expected earnings from Dell Computer bolstered optimism about the prospects for computer-related companies.

"Investors like to extrapolate, and they assume what's good for Dell is good for other computer companies," said Bill O'Hearn, a money manager with McKinley Capital Management in Anchorage, Alaska. "I agree. There's a huge demand for technology, and these companies are doing well."

The Dow Jones industrial average was up 46.92 points an hour before the close, at 7,695.02. Advancing issues outnumbered declining ones on the New York Stock Exchange by a 2-to-1 margin.

The Standard & Poor's 500-stock index rose 8.76 points, to 934.77, while the Nasdaq compos-

ite index was up 18.89 points, at 1,619.60.

With Wednesday's gains, the major U.S. stock indexes completed the rebound from Friday's 3 percent drop.

"The most important thing about this market is that a lot of people did not panic last Friday," said Charles Payne of Wall Street Strategists. "But caution is probably still the buzzword."

Bonds fell for the first time in six days after the government's June trade report kept alive concern the economy is growing fast enough to spur inflation and lead the Federal Reserve to raise interest rates.

Robert Cheshire, a bond-fund manager at First Union National Bank in Morristown, New Jersey, said he believed that the economy had the wherewithal to grow faster and push the Federal Reserve Board to raise rates before year-end.

The price of the benchmark 30-year Treasury bond fell 11/32 to 97 29/32, pushing its yield up to 6.53 percent from 6.51 percent.

The Federal Reserve Board's Open Market Committee left interest rates unchanged at a policy meeting on Tuesday, a sign central

3 P.M. SNAPSHOT

bankers — for now — are comfortable with the state of the economy and the outlook for inflation. The Fed last changed interest rates in March, raising its target for overnight bank lending a quarter point, to 5.5 percent.

Bonds prices fell after the Commerce Department reported that the trade deficit shrank 14.5 percent, to a smaller-than-expected \$8.16 billion. Exports rose to a record, suggesting robust demand for U.S. products that could speed the economy.

Dell was the most active stock on U.S. markets, rising. After the close of trading Tuesday, the company said second-quarter earnings soared 91 percent, beating estimates. Dell shares have more than tripled this year. Compaq Computer also rose, as did Intel and Microsoft.

Drug stocks rose after an analyst at Morgan Stanley Dean Witter Discovery raised his rating on Eli Lilly.

Concern lingers among some investors that many shares are higher than justified by the prospects for corporate earnings.

"Everybody's under the assumption that when the market falls, it's a tremendous buying opportunity," said Francis Curzio, president of FNC Investors, a fund management firm.

"You've got a lot of money coming into the market and you've got a lot of confidence," Mr. Curzio said he expected the

economy to slow enough to cut corporate profits. That could slow the decline in the market of about 18 percent from these levels, or about 6,500 on the Dow, he said.

Still, he said he was buying stocks he considers undervalued, such as General Motors and Ford Motor. He said those companies could withstand a slowdown in the United States because they have cut costs and are drawing more revenue from overseas, where economies are picking up.

Stock in Just for Feet fell sharply after the maker of clothing, cosmetics and jewelry was rated "buy" in new coverage by a Fidelity analyst, Kimberly Wallin, who also added the stock to the firm's recommended list.

Polo Ralph Lauren stock rose after the maker of clothing, cosmetics and jewelry was rated "buy" in new coverage by a Fidelity analyst, Kimberly Wallin, who also added the stock to the firm's recommended list.

EMU: EU Debt Ruling Will Help Bonn Meet Euro Criteria

Continued from Page 11

to speculate on anything after that point.

Mr. Waigel suggested last week that Chancellor Helmut Kohl shuffle his cabinet before the elections.

France, meanwhile, said its deficit was "guaranteed" to fall within the 3 percent debt limit in 1998, even though the deficit is expected to be above 3 percent this year.

Dominique Strauss-Kahn, the finance and economy minister, said that with savings from most ministries and stabilization of the general tax burden, Paris had undertaken "all that will guarantee the 3 percent deficit."

Mr. Strauss-Kahn also said that the 1998 budget would not include any special contribution from the state-owned utility Electricite de France.

"There will be no contribution of the France Telecom variety from EDF" in the 1998 budget, he said.

There has been speculation that the government will use a one-time contribution from EDF to reduce the 1998 budget deficit in the same way the previous government used a special contribution from France Telecom for 1997.

The French cabinet approved a bill Wednesday raising taxes on big business by 15 percent to cut the public deficit.

The surcharge was announced by the Socialist-led government in July following an audit of public finances that found that without re-

medial action, the deficit would significantly overshoot the 3 percent limit for joining the single currency in 1999.

The move, which the government pledged would be a "temporary contribution," increases the tax on large companies to 4.6 percent from 3.6 percent. The increase will be lowered to 3.9 percent in 1999.

With concerns about the future of the single-currency project mounting, 57 leading German economists, including the Bundesbank council

FOREIGN EXCHANGE

members Helmut Hesse and Hans Juergen Krupp, signed a joint appeal for the single currency to go forward as scheduled, on Jan. 1, 1999.

They also warned against sticking too rigidly to the deficit criterion. The appeal will be published Friday in the monthly Manager Magazine.

Yet speculation that the Maastricht treaty criteria will not be rigidly observed has pressured the core currencies. A loose interpretation might allow the inclusion of such countries as Italy and Spain, which could lead to weakness in the planned currency, to be called the euro.

"A soft interpretation of the 3 percent target by the German government fits our view that we are likely to see a broad EMU including Italy," said Joerg Kraemer, an economist at Merrill Lynch & Co. in Frankfurt.

That has driven the mark down against the dollar.

In late trading in New York, the dollar was at 1.8568 DM, up from 1.8408 on Tuesday.

"At the end of the day, Germany will be near enough to the target to qualify," said Robert Price, an economist at the OECD, of the Maastricht criteria. "It would be rather difficult, at this stage, for Germany to take additional measures to offset substantial slippage this year."

The dollar also gained on speculation that the Bundesbank will take no action on German interest rates when the central bank's council reconvenes Thursday after a four-week recess.

U.S. short-term interest rates are higher than German rates, which makes holding dollars attractive and lessens the appeal of most European currencies.

The dollar rose to 6.2547 French francs from 6.1995 and to 1.5242 Swiss francs from 1.5137.

The pound fell to \$1.5945 from \$1.6060.

But the dollar slipped to 117.705 yen from 118.185.

Its gains against the yen have been capped by concern over Japan's rising trade surplus, analysts said.

"People are afraid of the trade numbers because they think the U.S. is upset about Japan's improving exports on the back of a weaker yen," said Pippa Malmgren, a currency strategist at Bankers Trust.

"But I believe it's of very little concern to the U.S."

— Reuters
Bridge News, Bloomberg

Power Computing Chief Quits Over Apple Policy

The Associated Press

SAN JOSE, California — Joel Kocher, the outspoken president of Power Computing Corp., has quit in frustration over snags in licensing talks with Apple Computer Inc. and an internal disagreement on how to handle them.

Mr. Kocher resigned from Power Computing on Tuesday, only nine months after joining the largest maker of Macintosh clones. His departure comes two weeks after he publicly berated Apple for rethinking its licensing strategy.

That incident, at the MacWorld convention in Boston, revealed a rift between Mr. Kocher, known for his impassioned style, and Power Computing's low-key chairman and chief executive, Steve Kahng, an industry observer said.

"It was very clear the two were at odds over how to proceed with Apple and how to deal with this clone problem," said Tim Bajarin, president of Creative Strategies Research International in San Jose. "Their styles clashed."

Mr. Kocher's abrupt departure came amid rumors that Apple is planning to acquire Power Computing.

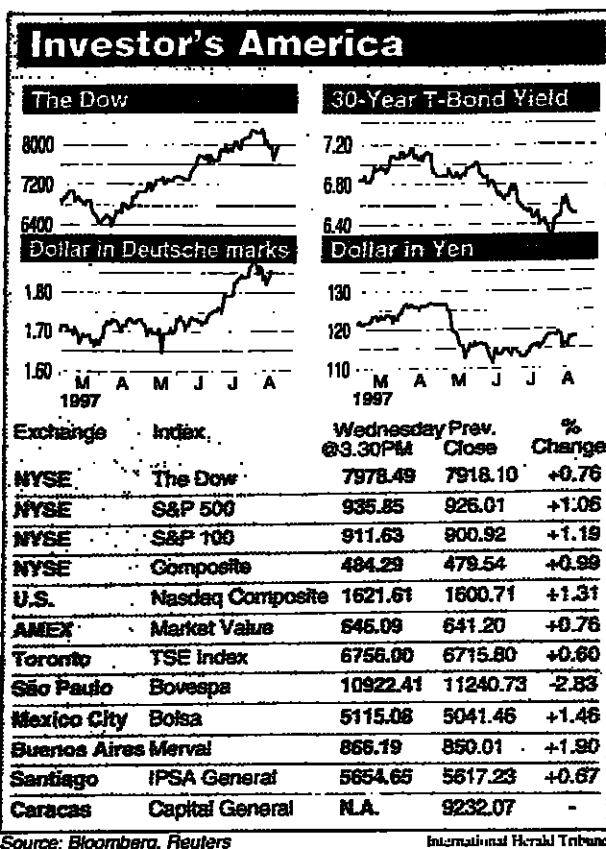
Such a move would eliminate one licensing headache for Apple and neutralize some of the competition that has eaten into its sales. Spokesmen for the two companies would not comment.

Mr. Kocher, 40, has tried to rally public support against Apple's ambivalence about its 1994 decision to license its operating software, enabling other companies to make copies of the Macintosh.

"I unfortunately have irreconcilable differences with Power Computing management over the way in which to move forward on the Apple licensing issue," Mr. Kocher said in a statement.

Apple, based in Cupertino, California, has been entangled in contentious talks with Power Computing and other clonemakers. At issue are how much licensees should pay for Apple's technology, and when they should get it.

But industry observers say Apple is reluctant to continue licensing the Macintosh operating system. Apple, which hoped clones would help sustain the Macintosh platform against encroachments by Microsoft Windows, instead found low-cost copies were eroding its market share as it struggles to climb out of a severe downturn.



Very briefly:

First Union Corp. Makes Megadeal

RICHMOND, Virginia (AP) — First Union Corp., one of the country's largest banking companies, is to buy Wheat First Bancorp. Inc., an investment banking, underwriting and brokerage firm, for \$471 million in stock.

The deal announced Wednesday would create the largest retail brokerage in the Southeast U.S. It came after First Union's plans announced last month to buy Signet Banking Corp. for \$3.25 billion in stock.

Sunbeam May Be Denied Its Logo

CHICAGO (AP) — The American Medical Association is reconsidering a deal to allow the Sunbeam Corp. to use the AMA logo on its products, a spokesman said Wednesday.

USA Today reported that the AMA, the country's largest doctors group, was likely to revise the deal, which lets Sunbeam use the AMA seal for five years on products including heating pads, blood pressure monitors and thermometers.

• Dataquest said that the number of computers connected to the Internet would rise 71 percent this year to 82 million, generating \$12.2 billion in software and service sales.

• Circus Circus Enterprises Inc., the Las Vegas gaming concern, considered spinning off some of its slower-growing casinos to focus on its larger upscale gambling halls.

• Amsted Industrial Corp. completed its acquisition of Speedline SpA, an Italian company that makes alloy wheels for the auto industry, for \$132 million.

• EMC Corp. said it would more than double its manufacturing capacity and would add 1,000 jobs by building a new factory in Franklin, Massachusetts, that would be running by the end of 1998.

AMEX

Wednesday's 3 P.M.

The top 300 most active shares.

The Associated Press

Stock

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U. S. STOCK MARKET DIARY

Aug. 20, 1997

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INTERNATIONAL FUTURES

Aug. 20, 1997

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Mobile-Phone Unit Lifts Mannesmann's First-Half Net 54%

BONN — Mannesmann AG, a machinery and telecommunications conglomerate, said Wednesday that its first-half profit rose 54 percent, driven by growth at its D2 mobile-telecommunications unit.

Group net profit in the half reached 278 million Deutsche marks (\$151.5 million), up from 180 million DM in the year-earlier half.

Sales rose 14 percent, to 17.74 billion DM, orders increased 12 percent, to 20.65 billion DM, and the company said it expected continued growth in the second half.

Indian Airline Makes Amends With Lufthansa

NEW DELHI — Lufthansa AG said Wednesday it was close to a rapprochement with its estranged Indian partner and their joint venture, ModiLufthansa, would be restarted soon.

ModiLufthansa collapsed in May 1996 when Lufthansa pulled out and accused its partner, India's Modi business group, of withholding 33 million Deutsche marks (\$18 million) in dues.

"Lufthansa and ModiLufthansa have agreed to a comprehensive settlement plan that resolves our outstanding issues that have been the subject of litigation between the two organizations," a Lufthansa spokesman said.

Separately, Scandinavian Airlines Systems said it was strengthening its alliance with Lufthansa to tap the Finnish market. The move follows KLM Royal Dutch Airlines NV's alliance this week with Braathens SAFE ASA of Norway, which is aimed at competing with SAS.

Many analysts said they were surprised by the performance and had raised their forecasts for the company's stock, which rose 5.14 percent Wednesday, to 859.50 DM.

The results showed Mannesmann, traditionally a machinery and engineering company, was making most of its profit in Germany's small though fast-growing mobile-telephone market. The company is poised to increase its telecommunications business, competing with Deutsche Telekom AG, when Germany's market opens fully to competition on Jan. 1.

"What is missing are the major losses expected in Arcor," Mannesmann's fixed-telecommunications network, said Jonathan Shantry, analyst with Credit Lyonnais Securities in London.

"Growth in telecommunications won't be near as strong in the second half since they'll be hit with higher start-up costs, but these are very good results."

Analysts had expected less profit growth after the company said in April that earnings at its telecommunications division would flatten this year as it absorbed higher start-up costs. Instead, the division's profit rose 51 percent, to 513 million DM.

With only 8 percent of the population using mobile phones, Germany has one of the smallest markets in Europe, giving providers such as Mannesmann potential to expand.

Holzmann's Output Rises

Philipp Holzmann AG said first-half output rose 10.3 percent, keeping Germany's largest construction company on course to break even in 1997 as the industry remained in a slump, Bloomberg News reported from Frankfurt.

Output, a measure of sales and work in progress, rose to 6.5 billion DM from 5.9 billion DM in the year-earlier period. New business and order backlog declined as Holzmann said it chose fewer projects.

Holzmann, which had 1996 net income of 1 million DM, and other German construction companies are suffering from sluggish demand and competition from companies in countries with lower wages and costs.

Russia Annuls Exxon Tender

Project's Cancellation Deals Blow to Foreign Investors

MOSCOW — Russia dealt another blow to foreign oil investors this week when the natural resources ministry annulled a big exploration and production tender won by Exxon Corp. in November 1996.

Government and oil industry sources said Wednesday that Viktor Orlov, the natural resources minister, had signed documents canceling the deal because it was not legally watertight.

"Orlov has signed this document — that is correct," said Vladimir Tumarkin, spokesman for Russian state oil firm Rosneft, which took part in last year's tender to develop the central Khor-eivskaya oil fields in the Arctic region of Timan-Pechora.

Vladimir Butov, governor of the Nenets autonomous region where the fields are situated, also signed the document, apparently ending Exxon's involvement in this particular Russian project.

Felix Chumilov, deputy governor of Nenets, said the decision was based on recommendations by a group of specialists who "found

five deviations from the law in the tender conditions."

But Exxon said the rights were awarded in "full compliance with the tender terms and conditions and applicable law." Exxon said it "has not been advised" that the tender was "declared null and void."

This week's tender cancellation will do little for the Russian oil industry's tarnished image abroad.

"This decision is not going to do Russia any favors, certainly if the annulment is not because Exxon has failed to meet its investment promises," said Julian Leigh, analyst at the center for global energy studies in London.

Analysts said the Exxon tender had been dogged by controversy from day one.

Rosneft protested that Exxon was getting too many privileges, and some local administrators were also against it.

"There were signs that there would be repercussions for some time because it appeared that neither the ministry of natural resources nor the local authorities were in favor of it," said Alexei Kokin of Renaissance Capital.

The central Khor-eivskaya oil fields are estimated to contain at least 150 to 160 million metric tons of recoverable oil, and initial project cost estimates were \$1.5 billion.

Mr. Chumilov said that a new tender might be held, but not until the reserves were included on a list of deposits eligible for development under production sharing agreements.

Changes to production sharing laws needed to bring them into line with Russia's own legislation must also be in place before any new sale could proceed, he added.

But this may not be any time soon.

Russian oil production has more than halved since peaking at 11.47 million barrels per day in 1987, and signs of a deceleration in the decline in 1996 cannot mask fundamental problems.

"Russian companies are still extracting oil from oil fields, which are not in a particularly good state," Julian Leigh said. "If they don't start bringing new production on stream, they can't continue at this pace for much longer."

(Reuters, Bridge News)

Rentokil Earnings and Sales Surge

LONDON — Rentokil Initial PLC, a supplier of business services, posted sharp gains in first-half earnings and sales Wednesday despite the strong pound.

Rentokil, whose operations range from providing security guards and pest control, said pretax profit jumped 44

percent, to £193.9 million (\$311.4 million), as sales rose 67 percent, to £1.41 billion.

The gains were largely due to the addition of BET, a rival British company that Rentokil bought in April 1996 for £2.1 billion. The acquisition was only incorporated for two months of the comparative period.

Chief Executive Clive Thompson

said the increase in the value of the pound had cut pretax profit by £14.3 million and sales by £96 million.

Although the pretax profit was below many analysts' forecasts, which were as high as £205 million, Rentokil shares closed up 2 pence, at 218.

Sir Clive said Rentokil was unlikely to make another major acquisition for a year.

BT Offers Concessions to Regulators

LONDON — British Telecommunications PLC confirmed Wednesday that MCI Communications Corp. had offered concessions to U.S. regulators on foreign access to the British network so that BT's acquisition of the American company could go through.

"It's accepted that if regulators see equal access as a strategy to pursue, we will go along with that," a BT spokesman said.

The spokesman said the concession had been made in a letter sent by MCI to the Federal Communications Commission in recent weeks. U.S. approval is the last major regulatory hurdle for the \$20 billion deal.

BT is reviewing its plans to buy MCI after the U.S. company said last month that it could post losses of up to \$800 million this year as it attempts to break into the U.S. local market. The British company has said it expects to complete the review by the end of August.

WORLD STOCK MARKETS

Wednesday, Aug. 20
Prices in local currencies.

High Low Close Prev.

Amsterdam

ABN-AMRO 50.80 47.40 48.10 47.20

Alcoa 134.50 132.50 133.50 132.50

Anglo 37.50 37.00 37.50 37.00

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Continued on Page 16

دکتر محمد علی

ASIA/PACIFIC

News Corp. Profit Falls Short Amid Box-Office Flops

Compiled by Our Staff From Dispatches

SYDNEY — A pair of box-office disasters helped make News Corp.'s annual profit report a flop, analysts said Wednesday, as a 2.5 percent gain in operating earnings fell far short of Chairman Rupert Murdoch's prediction in May of 20 percent growth.

Net income plunged 29 percent, to 720 million Australian dollars (\$531.9 million) from 1.02 billion a year earlier, largely reflecting a \$75 million-dollar charge associated with the restructuring of HarperCollins, News Corp.'s American book publishing unit. Operating income before nonrecurring items rose to 1.295 billion from 1.263 billion, while sales were up 9.9 percent, at 14.39 billion dollars.

News Corp. said its profit for the year ended June 30 was damaged by "disappointing results" from two movie flops, "Volcano" and "Speed 2," which had offset Twentieth Century Fox blockbusters such as "Independence Day" and the re-release of the Star Wars trilogy.

The film division had a loss of 154 million dollars for the year, surprising those who follow the company. "I had forecast a 90 million-dollar loss for the film unit, but the result was just disastrous," said Craig Connolly, analyst at JB Were, a brokerage.

Analysts said they were reducing their earnings estimates for the current financial year by up to 10 percent. News Corp.'s film division has several big-budget movies due out, and these will be important factors in its earnings. The new titles include "Titanic," "Alien 4: The Resurrection," "Home Alone 3," and "Anastasia," an animation film.

Mr. Murdoch had suggested earnings gains in the 20 percent range at the annual meeting in May, so the results were disappointing to investors. But News Corp. also said Wednesday that it would repurchase up to 1.3 billion dollars of its preferred shares, which have limited voting rights.

Those shares rose 7 cents in Australian trading, to 4.87 dollars. The common stock, however, fell 10 cents, to 5.85 dollars. Later in New York,

the company's American depositary receipts edged up 5.25 cents in late trading, to \$17.5625 per share; as each ADR is worth 4 shares, that was equal to about 5.94 Australian dollars per common share.

The preferred buyback is "pretty clever financial engineering offsetting some disappointing operating performance," said Bob Peters, a media analyst at ANZ Investment Bank, who still remains bullish on the stock.

"Looking at it cynically, you'd have to say the buyback was done because the result was disappointing," another media analyst said.

There were, however, some bright spots in the report. Geographically, Britain was the strongest of News' operations, with pretax earnings rising to 488 million dollars from 351 million dollars. Lower paper prices and a 15 percent rise in the circulation of The Times newspaper were the driving forces for News' British newspapers, while BSkyB's earnings rose 22 percent.

The company's U.S. television results showed an increase in operating earnings because of continued growth at its original stations combined with the additional contribution from the 10 television stations acquired in January. But, lower results at Fox Broadcasting mitigated the impact of these gains, resulting in a net operating income increase of 4 percent. (Reuters, AFP, Bloomberg, AFP)

Fletcher Posts a Loss

Fletcher Challenge Ltd. posted a loss in the second half as one-time paper-division costs and weak prices offset a stronger energy division performance, news agencies reported from Auckland.

The company said Wednesday that its net earnings had fallen 66 percent from a year earlier to 166 million New Zealand dollars (\$106.5 million) in the year ended June 30.

The paper division took a one-time charge of 400 million dollars for a write-down of the value of its U.K. Paper unit. (Bloomberg, AFP)



HELPING HAND — Henry Wallace, president of Mazda Motors Corp., showing the company's new Capella car in Tokyo on Wednesday. He said that Mazda would continue to help Kia Motors Corp. supplying components and assistance during Kia's difficult period.

Seoul Pledges to Defend Won

Bridge News

SEOUL — An official from the Bank of Korea said Wednesday that the central bank would continue to intervene in the foreign-exchange market when needed and that a dollar level of 895 won was appropriate for now.

The dollar rose to 898.70 won Wednesday in Seoul from 893.00 on Tuesday, when it hit a seven-year high of 901.00 won.

"Nervousness in the domestic foreign market, which is being sparked by a sharp devaluation in Southeast Asian currencies, is prompting banks to continue securing dollars," the official

said. Despite the threat of continued central bank intervention, the won continued to weaken as banks bought dollars to cover import transactions that were being settled Wednesday, dealers said.

On Tuesday, traders said, the Bank of Korea sold up to \$1 billion in foreign-currency reserves to bolster the won.

The central bank earlier said it had targeted 6.0 percent GDP growth 1997 against a 7.1 percent rise for 1996. "Traditionally, strong exports have always initiated the nation's economic recovery, and it will again be the case," said Song Tae-jung, an economist at LG Economic Research Institute. (AP, Bloomberg, Reuters)

Korean GDP Accelerates As Weak Won Helps Exports

Compiled by Our Staff From Dispatches

SEOUL — South Korea's gross domestic product grew 6.3 percent in the second quarter from a year ago, the central Bank of Korea said Wednesday.

The growth rate was higher than the 5.5 percent growth rate in this year's first quarter. Bank officials said the country's exports were helped by the weakening value of the won against the dollar. A weaker won makes South Korean products cheaper in overseas markets and lifts the value of exports.

Some economists predicted that growth would accelerate in the second half as exports continued to surge. But many said that the string of corporate failures and a lack of confidence in the economy would continue to discourage private consumption and investment.

"We believe exports will continue to contribute heavily to the overall growth," said Lee Jung Ja, head of research at HSBC James Capel Securities.

The central bank said second-quarter exports of goods and services rose 24.0 percent year-on-year. Imports rose 7.3 percent against a rise of 12.5 percent a year ago. GDP grew 5.9 percent in the first half of this year, compared with a 7.3 percent rise a year before.

The central bank earlier said it had targeted 6.0 percent GDP growth 1997 against a 7.1 percent rise for 1996.

"Traditionally, strong exports have always initiated the nation's economic recovery, and it will again be the case," said Song Tae-jung, an economist at LG Economic Research Institute. (AP, Bloomberg, Reuters)

Sales of Color Copiers Lift Canon's Net by 60%

Compiled by Our Staff From Dispatches

TOKYO — Canon Inc. said Wednesday that its first-half net profit jumped 60 percent on strong growth in digital color copier sales.

The company said the dollar's gains against the yen also made its products more competitive overseas.

Net profit for the half ended June 30 rose to a record 48.9 billion yen (\$413.5 million). Canon raised its forecast for its full-year net by 16 percent, to a record 86 billion yen. Sales rose 10 percent, to 733 billion yen. Foreign sales rose 10 percent, while domestic sales rose 9 percent.

"We were pleased by the weakening of the yen and better-than-expected sales of copy machines," said Toshio Tanaka, managing director for finance and accounting.

Canon is among a dozen or so Japanese exporters that have carved out a dominant share in global markets for high electronics products ranging from computer printers to equipment used to make semiconductors.

Canon's shares rose 50 yen, to 3,610. The profit announcement came after the market closed.

Sales of copy machines rose 25 percent as sales of digital color copiers rose. Overall revenue from office equipment, which accounts for more than 80 percent of the company's sales, rose 11 percent. Revenue from personal computer printers climbed 4 percent and sales of other products such as semiconductor manufacturing equipment fell 15.2 percent.

Analysts said growth in sales of Canon printers slowed because of sluggish sales in the U.S. market.

"As the U.S. market for printers has become saturated, it is difficult to stimulate demand in the market unless a very attractive new product is introduced," said Noboru Machida, analyst at Nikko Research Center. (Bloomberg, Reuters)

China Merges 4 Chemical Firms

Compiled by Our Staff From Dispatches

HONG KONG — Yizheng Chemical Fibre Co., a Chinese polyester maker, said Wednesday that its merger with three of its key suppliers had been approved, in one of the government's biggest moves to turn around money-losing state companies.

Yizheng's shares jumped 32 percent, to 5.15 Hong Kong dollars (67 cents) in Hong Kong trading, as investors bet the merger would increase efficiency. The company's stock has nearly quadrupled in value since the beginning of July.

The deal also suggests that the government may accelerate the sale of state assets to listed companies.

Coming weeks before a key Communist Party meeting, the Yizheng merger indicates that more consolidations could be in the works. More than 40 percent of state companies are unprofitable.

The reason Beijing chose to implement it now is because of the upcoming party congress, for which they have taken as the topic of the day the restructuring of state enterprises," said Alex Conroy, analyst with ING Barings in Shanghai.

China's president and Communist Party chief, Jiang Zemin, has been pushing for a breakthrough in the reform of state enterprises to halt the steady flow of losses at inefficient corporations.

Yizheng, the world's fourth-biggest polyester maker, said the government approved a merger of its parent company, Yihua Group Corp., with Yangzi Petrochemical Corp., Jinling Petrochemical

Industrial and Nanjing Chemical Industrial Corp. All four companies are based around Nanjing in coastal Jiangsu Province.

Some analysts were skeptical of the efficiency of the merger. "The hysteria is a bit overdone," said Alexandra Conroy, also with ING Barings in Shanghai. She said the merger offered virtually no benefits to the companies.

"There's only geography," Miss Conroy said. "Consolidation will bring some savings in nonproduction areas such as marketing, but that's a small percentage of costs."

Yangzi supplies Yizheng with raw materials including, PTA, PX and MEG, whose costs are mainly influenced by world prices, Miss Conroy said.

She said that while the new company would likely report directly to the cabinet it would be overseen by Sinopet, China's biggest petrochemicals group, which owns Jinling and Yangzi.

The new company will have 100,000 employees and generate revenue of up to 35 billion yuan (\$4.2 billion), said Wang Linshen, chief secretary of the general manager's office at Yangzi Petrochemical. He said the companies would try to cut workers — a delicate task in a country where the government is afraid increasing unemployment could trigger political instability. (Bloomberg, Reuters)

Hong Kong Shares Up

Hong Kong stocks rose as optimism over China's moves to shore up its state-

ruo industries outweighed concern that a recent surge in interest rates might hurt the territory's economy, Bloomberg News reported.

The benchmark Hang Seng index rose 378.41 points, or 2.4 percent, to 15,855.67.

Separately, Hong Kong fended off an attack on its currency by allowing interest rates to fall, following a sharp increase Tuesday, highlighting the central bank's determination to maintain a politically symbolic link to the U.S. dollar.

Hong Kong's three-month interbank lending rate slid to as low as 7.0 percent from 9.5 percent. Overnight rates dropped to 5.5 percent from 7.75 percent. And the currency's one-year forward rate, a gauge of investor expectations 12 months from now, fell to 7.84 percent from 7.92 percent on Tuesday.

Rates dropped and stocks rallied as investors concluded that the Hong Kong Monetary Authority had the political will and financial muscle to keep its currency from going the way of the Thai baht, Philippine peso, the Malaysian ringgit and Indonesian rupiah, which have been allowed to slide against the dollar in the past two months.

Hong Kong's currency crisis "is looking like smoke without a fire," said Herman Chu, senior trading manager at Anglo-Chinese Securities.

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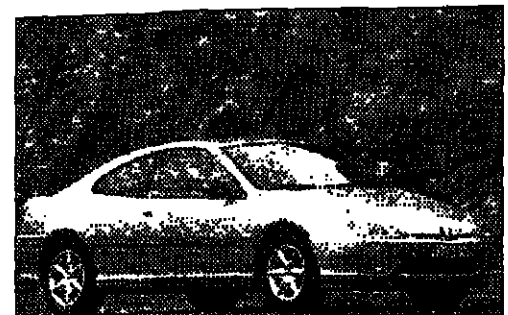
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WORLD ROUNDUP

2d Gold for Ireland

SWIMMING Michelle de Bruin, the triple Olympic champion, won her second European title in two days, forging through on the final length to a narrow victory in the women's 200 meters freestyle.

De Bruin, who won three golds at the 1996 Atlanta Games under her maiden name of Smith, only just qualified for the final but then won with a personal best time.

De Bruin was given a warning on Wednesday after failing to attend a mandatory news conference following her victory in Tuesday's 400 meters individual medley. (Reuters)

Sampras Faces Qualifiers

TENNIS Pete Sampras, seeking his fifth U.S. Open crown and third in a row, will face qualifiers in both the first and second rounds of the men's singles following Wednesday's draw. Sampras and Martina Hingis are the No. 1 seeds for the men's and women's singles. Unlike last year, the seeding committee followed the computer rankings for all the seedings. The tournament begins Monday.

Boris Becker, the No. 13 seed, pulled out of the U.S. Open, citing the death of his mother as the reason. It was expected to be the last Grand Slam event for Becker, who won the tournament in 1990. Becker's manager and close friend, the Munich lawyer Axel Meyer-Woelken, died Monday of liver cancer at 56. (AP, Reuters)

Kafelnikov Happy to Lose

TENNIS Yevgeny Kafelnikov said he was exhausted after seven straight tournaments. Arnaud Boetsch made sure the Russian will have plenty of time to rest for next week's U.S. Open.

"This could be blessing in disguise," said Kafelnikov, who lost 6-4, 7-6 (8-6), to Boetsch on Tuesday night in the first round of the Hamlet Cup in Commack, New York. "I need the five days of rest."

Jeff Tarango beat fellow American Alex O'Brien, 6-2, 6-7 (3-7), 6-3, in the opening round of the MPS Pro Championships in Brookline, Massachusetts. Alex Corretja, the No. 1 seed, beat fellow Spaniard Francisco Clavet.

Brenda Schultz-McCarthy, the No. 6 seed from the Netherlands, beat Patricia Hy-Boulais, of Canada, 7-6 (7-0), 7-6 (9-7), in the first round of the U.S. Women's Hardcourt Championships in Stone Mountain, Georgia. (AP)



Alex Corretja returning to Francisco Clavet in Brookline.

Sri Lanka Wins Series

CRICKET Sanath Jayasuriya took two wickets and scored 66 as Sri Lanka to a comfortable seven-wicket victory over India on Wednesday in a one-day international in Colombo. The victory gave Sri Lanka an unbeatable 2-0 lead in the three-match series.

India batted first and made 238. Saurav Ganguly scored 113, his first century in one day internationals. Jayasuriya blasted 66 off 56 balls as Sri Lanka coasted past India's total with eight overs to spare. (Reuters)



Julian Johnsson of the Faroe Islands, left, beating Czech striker Karel Poborsky to the ball Wednesday in Teplice.

Late Goal Gives Ukraine Victory

The Associated Press
Serhiy Rebrov kept Ukraine atop European qualifying Group 9 and strengthened its chances for a World Cup berth Wednesday when he scored five minutes from the end in a tense 1-0 victory over Albania in Kiev.

Ukraine had attacked for the most of the match but created few scoring chances against Albania, bottom of the group. Andriy Shevchenko, Ukraine's star striker, seemed to lack pep two days after playing on an all-star team against the Russian in Moscow. He missed an open goal in the 44th minute.

In the 85th minute, Rebrov maneuvered past defender Alpin Gallo and beat goalkeeper Flor Stokrosha.

Finland 0, Norway 4 Midfielders Stale Solbakken and Petter Rudi scored early goals and Jostein Flo struck early in the second half as Norway won easily in Helsinki in a European group 3.

Tore Andre Flo scored the last goal in

the closing minutes. The first three goals were scored by the only home-based players in the Norwegian starting 11 loaded with English Premier League players. The victory left Norway six points clear of Hungary.

Hungary 1, Switzerland 1 Stephane Chapuisat equalized in the 90th minute for Switzerland in Bud-

apest. Laszlo Klausz 53 scored Hungary's goal in the 53rd minute.

Czech Republic 2, Faroe Islands 0 A narrow victory over the Faroe Islands in a meaningless Group 6 qualifier in Teplice did little to restore the Czech Republic's dented soccer pride.

The Czechs, who lost in the final of Euro 96 cannot qualify for the World Cup finals in France next year any more than the Faroes can.

Pavel Kuka and defender Lubos

Kozel scored the Czech goals

Estonia 0, Austria 3 Anton Polster scored three times in the second half to give Austria victory in Tallinn in Group 4. Polster scored directly from a free kick, pounced on a defensive error to fire the second and headed home the third. To keep Austria on the heels of group leader Scotland.

Bulgaria 1, Israel 0 In Sofia, Lyuboslav Penev scored after 68 minutes to give Bulgaria victory over Israel in Group 5. A minute after Penev's goal Bulgaria's Anatoli Nakov was sent off and a minute from the end Alan Hazan of Israel also received a red card.

Iceland 4, Liechtenstein 0 Iceland gained a comfortable victory over Liechtenstein in Group 8.

Iceland had drawn three and lost three of its previous six group matches. Liechtenstein is bottom of group, has lost all eight of its games and conceded 40 goals. (AP, Reuters)

Cowboys 'Break Camp,' and Apologize

Rowdiness Ends NFL Team's Training Season on Austin Campus

The Associated Press
When the Dallas Cowboys broke camp, they took the words literally.

The team's dorm at St. Edward's University in Austin, Texas, was trashed last week on the final night of

training camp, including the destruction of surveillance cameras that the team had installed, school officials said.

The Cowboys apologized immediately and vowed to pay for any repairs, said John Lucas, vice president for student affairs at the Austin school.

"What we normally see is what you see on a college campus when a group of students exit," Lucas said. "This year, we saw more damage. The cameras were forcibly taken out. There was water, pretty heavily soaked into the carpet, and in one area of the hall, there was an obvious stretch of urine."

Rich Dalrymple, a Cowboys spokesman, said he didn't know anything about the extent of the damage other than "some ceiling panels in need of repair."

Redskins Michael Westbrook, a Washington receiver, attacked teammate Stephen Davis on the field, punching the running back several times and leaving him face down and bleeding.

Westbrook, ordered off the field by Norv Turner, the Washington coach, left Redskins Park without comment.

Davis was not available for comment, and trainer Bubba Tye refused to discuss Davis's injuries.

Before the incident, Westbrook, Davis, Kris Dishman and Brian Mitchell were standing together on the sideline engaged in what appeared to be light-hearted conversation. Westbrook, 6-foot-3 and 220 pounds, then hit Davis (6-0, 234) in the face; Davis fell to the ground, with Westbrook punching him several times in the back of the head.

It was unclear what prompted the incident. As Davis lay on the ground, Dishman walked up to Westbrook and said: "That was wrong, man."

Packers authorities said Green Bay defensive tackle Gilbert Brown was arrested for pushing his girlfriend over a couch during an argument.

The 350-pound lineman was taken into custody late Monday for disorderly conduct as a domestic violence offense, although his girlfriend said she didn't want to press charges, a Brown County sheriff's officer, Ken Bougie, said. Brown spent five minutes in the Brown County jail before posting \$150 bond.

The Brown County District Attorney's Office said it planned to review the case and that Brown would be summoned next week after the staff person handling the case returns from vacation.

Twins Sam and Sean Manuel were separated by San Francisco's cuts.

Sam Manuel, a linebacker, was among 12 players released by the team. Sean Manuel, a tight end, survived to continue his battle with Chad Fann for a final backup spot behind Brent Jones and Greg Clark.

The 49ers drafted the twins, who played at New Mexico State, in the seventh round of the 1996 draft. Sean Manuel appeared in 11 games last season, while Sam Manuel spent the year on the practice squad.

Jaguars Randy Jordan became the last of Jacksonville's original players to get cut when the Jaguars trimmed their roster to 60 players.

To watch the team grow from the baby Jaguars to the giant Jaguars is phenomenal," the running back said, fighting back tears. "But to realize that tomorrow I'm not going to be heading over here... it's tough."

Of the original 10 players the Jaguars signed on Dec. 15, 1994, only offensive lineman Greg Huntington remains with the team, but he has been cut and resigned three times.

Vikings The NFL suspended Minnesota rookie linebacker Artie Umer after he tested positive for steroid use.

Umer, a seventh-round draft pick from Valdosta State, failed the NFL's random training camp drug testing, and admitted he used the substance shortly before camp began July 15. He will be eligible to return after the first four regular-season games.

Rome's Olympic Bids
More 'Yea' Than 'No'
Some Cracks in the United Front

By Vera Haller
Washington Post Service

ROME — Ever since ancient times, when chariots raced around the Circus Maximus and gladiators battled in the Coliseum, Rome has had a tradition of games as spectacles. As the new millennium approaches, the city again wants to take center stage in the international sports arena as host of the 2004 Summer Olympics.

And like the emperors of ancient Rome who provided "bread and circuses" to keep their subjects happy, Rome's modern political class has thrown its weight behind the bid, with Mayor Francesco Rutelli acting as head cheerleader and the Italian prime minister, Romano Prodi, pledging the government's financial backing. But the biggest backer of Rome's effort to land its first Olympics since 1960 is not a politician in the conventional sense.

Primo Nebiolo, the head of track and field's international governing body, also is the honorary president of Rome's bid committee and one of the most influential members of the International Olympic Committee. His voice will be a strong one when the 111-member International Olympic Committee meets next month in Lausanne, Switzerland, to decide the site for the 2004 Games.

There are, however, cracks in what promoters would like to portray as a unified front behind Rome's candidacy.

An influential group of environmentalists and intellectuals formed a "no" committee to convince IOC members that awarding the Olympics to Rome would be a bad idea. The "no" committee cites traffic problems, smog and a history of overspending on public works projects, such as those undertaken when Italy hosted the World Cup soccer championship in 1990.

Its members also argue that the city should be spared another major event like the Olympics just four years after the Roman Catholic Church celebrates the jubilee year of 2000, when an estimated 30 million pilgrims are expected to visit Rome to mark 2,000 years of Christianity.

Rome's bid committee has put together a comprehensive plan that looks good on paper and helped it make the cut of five finalists.

"It is our opinion that Rome is one of the favorites," said Raffaele Ranucci, director-general of the Roma 2004 committee.

He said he believes Athens and Stockholm are also strong contenders because he senses the feeling among Olympic officials that the Games should return to Europe after the 2000 Olympics in Sydney. The other two cities competing for the 2004 games are Buenos Aires and Cape Town.

"It's certainly clear Italy has a good record of hosting and organizing major events," said Dick Pound, an IOC member from Canada. "In that sense, they don't have to surmount the hurdle that Athens does, demonstrating if it

gets the Games, it can do it."

Organizers say another strength of Rome's bid is its facilities. Of the 38 sports venues required, only eight need to be built and four remodeled. They argue that the jubilee celebration works in their favor because much of the city's infrastructure will have been improved for that event, including construction of a third underground subway line that would be extended to connect all the Olympic venues.

According to Rome's plan, the Games would be staged in three main sites that ring the city to the north, where the city's 1960 Olympic Stadium stands, and south.

Most construction would take place at the east area, where organizers plan to erect an Olympic village to house athletes and officials. A media village, restaurants, shops, 1,500 telephone booths, parking lots, gardens and facilities for leisure activities are also on the drawing board. In addition, another swimming center for diving and synchronized swimming events, a baseball stadium and other venues for volleyball, fencing and boxing events would be built at the site.

After the Olympics, promoters say the village would be used as dormitories for Rome's universities.

According to the bid committee, financing for the construction, estimated at about \$1 billion, would be guaranteed by the Italian government.

The only event in Rome's center would be the equestrian competition at the city's Villa Borghese park. The elegant hotels of the city's nearby Veneto would be reserved for IOC members, sponsors and their families. "It is our strategy that the games be held in these three areas away from the center so that everything is not concentrated in the city," Ranucci said. "This way the center can breathe."

In a city infamous for its congested traffic, transportation is a significant hurdle. To address the problem, organizers say one lane of the city's chronically choked ring road would be voted exclusively to Olympic traffic.

Members of the "no" committee are skeptical of organizers' claims that it takes only 23 minutes to reach the center of town from Rome's main Leonardo da Vinci Airport.

They also say estimates of travel time on the ring road between sporting venues is vastly understated.

"It would be a nightmare for the public," said Carlo Ripa di Meana, a founder of the "no" committee who is the former leader of Italy's Greens party and a member of the European Parliament.

He also questioned whether new construction planned for the Olympics would make Rome a better place for Romans.

"All those new sports stadiums will remain after the games and become like cathedrals in the desert," he said.

"The important thing is that we have shown the world the seriousness and professionalism of Rome's candidacy," Ranucci said.

Tough Start for Games on Sicily

CATANIA, Sicily — Officials scrambled to smooth over organizational problems as the 19th edition of the World University Games, the first held in more than one city, got underway.

The games, seen as one last litmus test of Italy's ability to handle big sporting events, run through Aug. 31 — five days before the International Olympic Committee selects a host for the 2004 Olympics. Rome is one of five finalists in that vote.

"Let's hope that success here brings to Italy the first Summer Olympics of the new millennium," said Giorgio Napolitano, the Italian interior minister, at the opening ceremonies Tuesday at Favaria Stadium in Palermo.

Overwhelmed by the record number of participants, which is expected to

reach 6,000, organizers have struggled to find adequate housing space. Original plans for the 500 billion lire (\$275 million) budget called for construction of an Olympics-style athletes village, but that was never done.

"We are coping with the problems put in front of us and trying, in cooperation with the local committee, to face them," said Rocco Campana, the secretary-general of the International University Sports Federation.

Campana said organizers are trying to free hundreds of beds for competitors, and might be forced to increase the number of people in some rooms already occupied.

A lack of translators and communications breakdowns between the numerous sites are among other difficulties confronting officials.

White Mountain, DT Michael Sanson and WR Freddie Solomon, DT Jeff Probst, DT Bob Smith and RB Ryan Walker on injured reserve.

FITTSBURGH — Put WR Johnny Arnold on injured reserve. Waived RB Bobby Phillips, CB David Porter, CB Barron Miles, LB Justin Chabot, CB Emerson Martin, LB Josh Strain, LB Gerald Filardi, LB Andy Jacobs, LB Patrick Scott, LB Ryan McCoy, DT Corey Mayfield, WR Orville Gadsden, TE D.J. Jones, WR Jay Kearney, F David McCann, DB Kirk Painter, DB Cedric Samuel and K-P Sam Reed.

ST. LOUIS — Put C Ryan Tucker on physically unable to perform list. Waived WR Donald Baker, DT Tyrone Williams, DT Troy Wilson, LB Brett Wellersted and DT Chuck Osborne.

SAN DIEGO — Waived WR Andre Coleman on injured reserve. Reached injury settlements with RB Freddie Bradley and DT Junior Sol.

SAN FRANCISCO — Waived LB Aubrey De Hays Coleman, LB Sam Manuel, Don Noble, CB Tyrone Smith, WR Allen De Gruffield, WR Curtis Shearer, T Marc Lamb and RB Raymond Rutherford. Put Tameo Cavell, S John Covington and T Dave settlement with DE Alan Young.

SEATTLE — Waived RB Don Inman, RB James Allen, FB Rodney Dym, CB Lee Wilson, CB Aaron Gilbert, TE Jim Moore and WR Keith Husted.

WASHINGTON — Waived LB Michael Hamilton, WR Deandre Maxwell, T Ced Powell, DE Don Reynolds, WR Chris Thomas and DE R-Kal Tneluck.

HOUSTON — National Hockey League Los Angeles — Agreed in terms with assistant coaches Rick Green, Jay Leach and Don Edwards.

MASSACHUSETTS — Named Tom Ward executive vice president of business operations.

SCOREBOARD

BASEBALL

MAJOR LEAGUE STANDINGS

AMERICAN LEAGUE

EAST DIVISION

W	L	Pct.	GB
Baltimore	75	4	539
New York	73	50	293
Boston	62	63	174
Toronto	66	64	181
Detroit	58	66	211

CENTRAL DIVISION

W	L	Pct.	GB
Cleveland	65	57	323
Minnesota	61	63	397
Chicago	61	64	398
Kansas City	52	70	436
St. Louis	51	72	411

WEST DIVISION

W	L	Pct.	GB
Anaheim	69	56	352
Seattle	69	56	352
Texas	60	66	416
Oakland	50	75	490

NATIONAL LEAGUE

EAST DIVISION

W	L	Pct.	GB
Atlanta	77	49	411
Pittsburgh	67	59	340
New York	67	59	340
Montreal	61	65	394
Philadelphia	61	65	394

CENTRAL DIVISION

W	L	Pct.	GB
Houston	66	59	328
Pittsburgh	62	63	394
St. Louis	57	67	440
Cincinnati	55	68	447
Chicago	57	67	440

WEST DIVISION

W	L	Pct.	GB
San Francisco	71	56	399
Los Angeles	68	57	364
Colorado	60	65	450
San Diego	60	65	450

TUESDAY'S UNFINISHED

AMERICAN LEAGUE	NATIONAL LEAGUE
Toronto 202, New York 110-4 9 1	Chicago 108, St. Louis 101-5 12 2
Carpenter, Calhoun (7), Phipps (7)	Quinnell (7), Escobar (7) and O'Brien

D.Wells, Lloyd (4), Boogs (3) and Grand

Pascetta (4), C.Flynn, Dickson (3) and

T.Greene (7), Escobar (7) and O'Brien

Second game

W	L	Pct.	GB
Toronto	100	101	108-3 7 0
Chicago	101	102	108-3 9 0
Atlanta	101	102	108-3 9 0
San Francisco	101	102	108-3 9 0
Los Angeles	101	102	108-3 9 0

NATIONAL LEAGUE

EAST DIVISION

W	L	Pct.	GB
St. Louis	101	102	108-3 9 0
San Francisco	101	102	108-3 9 0
Los Angeles	101	102	108-3 9 0
Atlanta	101	102	108-3 9 0
Chicago	101	102	108-3 9 0

CENTRAL DIVISION

W	L	Pct.	GB
St. Louis	101	102	108-3 9 0
San Francisco	101	102	108-3 9 0
Los Angeles	101	102	108-3 9 0
Atlanta	101	102	108-3 9 0
Chicago	101	102	108-3 9 0

WEST DIVISION

W	L	Pct.	GB
St. Louis	101	102	108-3 9 0
San Francisco	101	102	108-3 9 0
Los Angeles	101	102	108-3 9 0
Atlanta	101	102	108-3 9 0
Chicago	101	102	108-3 9 0

D.Wells, Lloyd (4), Boogs (3) and Grand

Pascetta (4), C.Flynn, Dickson (3) and

T.Greene (7), Escobar (7) and O'Brien

Second game

W	L	Pct.	GB
Toronto	100	101	108-3 7 0
Chicago	101	102	108-3 9 0
Atlanta	101	102	108-3 9 0
San Francisco	101	102	108-3 9 0
Los Angeles	101	102	108-3 9 0

NATIONAL LEAGUE

EAST DIVISION

W	L	Pct.	GB
St. Louis	101	102	108-3 9 0
San Francisco	101	102	108-3 9 0
Los Angeles	101	102	108-3 9 0
Atlanta	101	102	108-3 9 0
Chicago	101	102	108-3 9 0

CENTRAL DIVISION

W	L	Pct.	GB
St. Louis	101	102	108-3 9 0
San Francisco	101	102	108-3 9 0
Los Angeles	101	102	108-3 9 0
Atlanta	101	102	108-3 9 0
Chicago	101	102	108-3 9 0

WEST DIVISION

W	L	Pct.	GB
St. Louis	101	102	108-3 9 0
San Francisco	101	102	108-3 9 0
Los Angeles	101	102	108-3 9 0
Atlanta	101	102	108-3 9 0
Chicago	101	102	108-3 9 0

D.Wells, Lloyd (4), Boogs (3) and Grand

Pascetta (4), C.Flynn, Dickson (3) and

T.Greene (7), Escobar (7) and O'Brien

Second game

W	L	Pct.	GB
Toronto	100	101	108-3 7 0
Chicago	101	102	108-3 9 0
Atlanta	101	102	108-3 9 0
San Francisco	101	102	108

SPORTS

Rangers Rookie Finds Father

By Murray Chass
New York Times Service

FERNANDO Tatis was taking early batting practice when Omar Minaya, a Texas Rangers official, led him off the field and into a room off the team's clubhouse at The Ballpark in Arlington, Texas.

"We found your father," Minaya told him.

"Don't play games with me," a disbelieving Tatis said, excitedly jumping up from his chair nevertheless.

Minaya, who signed Tatis in the Dominican Republic five years ago next Monday, assured the 22-year-old rookie third baseman it was no game.

"He kept saying, 'You're lying,'" Minaya related by telephone from Arlington. "I said, 'No, I'm not. He's waiting for your phone call.'"

"The father, also named Fernando — whom Tatis had not seen or talked to since the father left the Dominican Republic when his son was not yet 4 years old — was in Sarasota, Florida, at his brother-in-law's house, where he had gone to construct a dry well.

"It just feels great," the son said after speaking to his father for a little more than half an hour.

"I feel happy, very happy. I can't believe it. When I talked to him, I didn't believe I was talking to my father. He told me a lot of things to make me remember some things my mother told me, so I believed it. I feel so emotional."

"Tatis had searched in vain for his father since he began playing minor-league baseball in the United States in 1994.

"Then, at Minaya's suggestion, he told his story to a reporter last Saturday at

Yankee Stadium, and the article that appeared in the International Herald Tribune on Tuesday was carried in The Sarasota Herald-Tribune on the same day.

Doug Samuel, the brother of the father's wife, who is not Tatis's mother, read the article and called The Sarasota Herald-Tribune, telling Scott Peterson, the executive sports editor, that Tatis would be at his house at 4 o'clock.

Peterson then set in motion the string of telephone calls that led to the ultimate call shortly before 5 P.M. Texas time.

As Minaya, who had spoken with Tatis's father not long before, started to dial Samuel's number, Tatis stopped him.

"Tell me about him first," Tatis said. "Tell me what you guys talked about."

Minaya, the Rangers' director of professional and international scouting, told him that his father was married (the wife is related to Hank Aaron), had two young sons and was aware that Tatis was a major leaguer, having seen a Rangers game on television — the one in which Tatis hit his first major-league home run.

Then Minaya completed the call. "He was still stunned," Minaya said. "I said, he wants to talk to you; do you want to talk to him? He said, 'Of course I want to talk to him.'"

Recounting the conversation after he finished batting practice before the game with the Milwaukee Brewers, Tatis said:

"He told me when he saw me in my second game in the big leagues in Chicago, he told my little brother, 'That's your big brother right there.' When I hit a home run, he started jumping all over the house. He felt really happy for me."

When Tatis was a baby, his father gave him a small bat and told him, "You're going to be a player one day like me." On Tuesday, the son told the father, "I guess your promise came true."

He asked his father how old he was and whether he was still strong and told him that when he played in Florida he searched for him, even putting an advertisement in a newspaper.

They did not discuss his father's long absence, Tatis said.

The father, who played minor-league baseball in the Houston organization in the 1970s, left the Dominican Republic after finding his second wife, who was not Tatis's mother, with the man who had been his chauffeur.

"As soon as they can, he's going to fly over here," the son said. "When he comes over here, he said he's going to explain to me why he never came back to the Dominican."

Minaya said Doug Melvin, the Rangers' general manager, planned to arrange to have the father and his family fly to Texas.

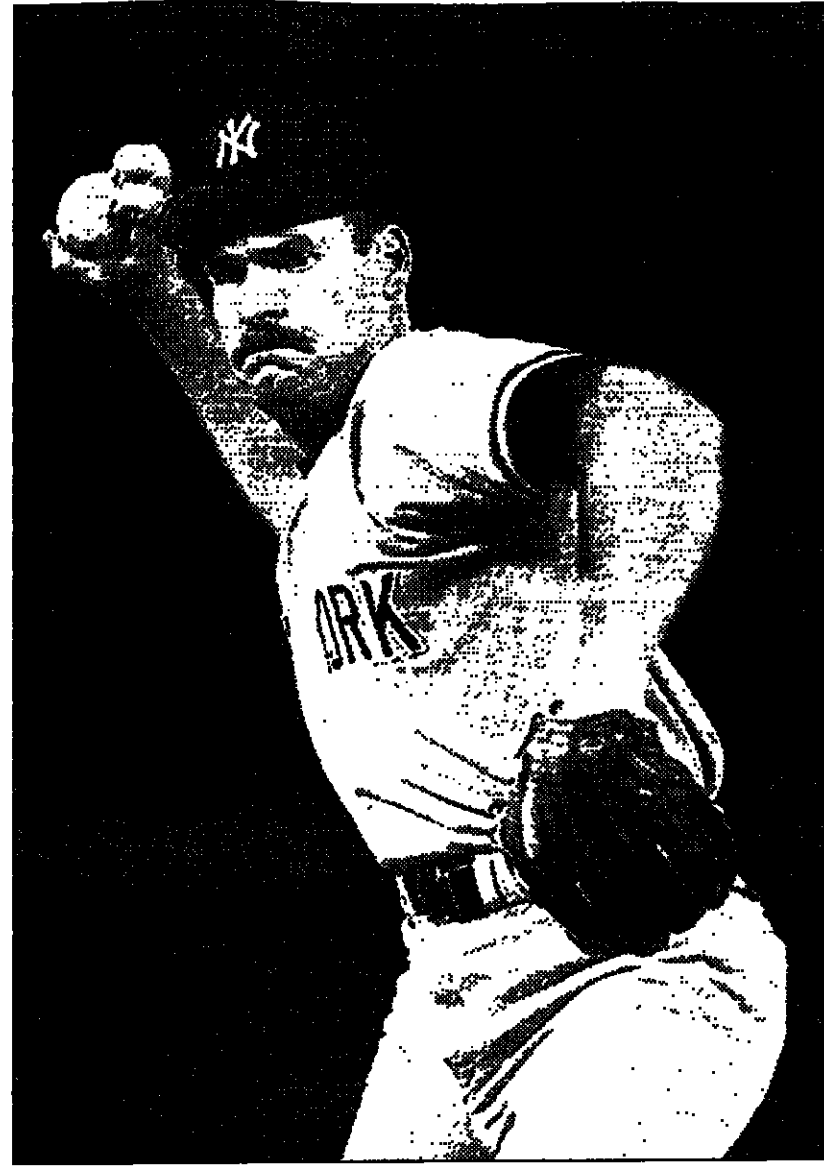
"I don't even know what I'm going to ask," the younger Tatis said.

"I just want to listen to everything he says. I don't know what I'm going to ask him. I just want to talk to him. The emotion I feel won't let me talk."

When it was suggested that his emotions might make it difficult for him to concentrate on the game he would play in less than an hour, he said, "I just want to try to do the best I can. My father said get a couple of hits for him."

After the game, Tatis said, he would call his mother. "I'm going to call all my family," he said.

"They're going to be happy, too, especially my mother."



Wade Boggs on the mound for the first time, throwing his knuckleball.

Boggs Gives Yanks Relief In Drubbing

Taking the Mound, He Halts Rout by Angels

New York Times Service

ANAHEIM, California — David Wells covered his face with his glove, closed his eyes, then shook his head from side to side. It was only the second inning, but Wells wanted to shake the memories of the first 15 Angel batters out of his mind.

It was a performance to forget, but a fiasco that was impossible to forget. It was a game that Wells started for the Yankees but Wade Boggs finished.

Wells struggled to the mound to act like an ace against Chuck Finley, the Anaheim left-hander who had won 10 straight games. But Wells was hammered in the first two innings while Finley tripped and sprained his wrist in the second inning and was replaced by Jason Dickson.

A blizzard of hits and an avalanche of runs in the first two innings enabled the Angels to roll over Wells and coast to a 12-4 victory. After the first seven batters reached base and six scored, the perplexed pitcher stared at catcher Joe Girardi with an expression that shouted, "Huh?"

Wells was battered for 11 earned runs on homers by Tim Salmon and Todd Greene, three doubles and five singles in three horrible innings to obliterate his four-game winning streak.

It was such a debacle that Joe Torre, the Yankees' manager, summoned Boggs to pitch in the eighth inning rather than waste a real reliever. Tossing knuckleballs, the future Hall of Fame third baseman retired three of the four batters he faced, including Salmon and Greene, whom he struck out.

Boggs earned huge ovations from the Anaheim Stadium fans and tipped his cap before entering the Yankee dugout. When the fans chanted, "Wade! Wade! Wade!" he emerged from the dugout for a curtain call and waved his cap to the crowd.

Boggs, who threw 16 knuckleballs and one fastball that inched to the plate at 74 miles an hour (120 kph), said: "It's something I've always wanted to do in my career and I never really had the opportunity."

Angels Ignored Drug Policy

In suspending Tony Phillips on Monday after his arrest a week earlier on a charge of cocaine possession, the Angels knowingly acted contrary to major league baseball's drug policy, an Angels official indicated Tuesday, according to The New York Times and the Los Angeles Times.

The Angels, who are owned in part but operated for the most part by Walt Disney Co., suspended Phillips indefinitely with pay, even though he was cleared to play last week by the two doctors who overrode baseball's drug program.

"The Disney Co. has higher standards for our employees," said Bill Robertson, the Angels' director of communications.

Asked if the Angels were aware that baseball's drug policy called for no disciplinary action if the doctors cleared a player to play, Mr. Robertson said: "We understand that. All we're asking is we want him to go into an inpatient drug treatment program."

The players union filed a grievance over the suspension.

Eric Young Hits Mets, Going and Coming

The New York Mets are having a hard time escaping losses and Eric Young.

Young, traded from Colorado to Los Angeles a day earlier, got three hits and stole a base, drove in a run and scored one Tuesday night as the Dodgers beat New York, 4-2.

Young's performance helped send the Mets to their fourth straight loss. They lost three in a row at Colorado over the weekend as Young went 3-for-8 with two runs in his final three games with the Rockies.

Critics said Young couldn't hit outside Coors Field, and his .219 road average away from Denver's thin air last year did nothing to dispel the notion.

However, hitting in New York the past two seasons hasn't been a problem for the second baseman. He's batting .412 (21-for-51) in Shea Stadium since the start of the 1996 season.

"It's a good feeling to come in and contribute the first night," Young said. "This is a great beginning. It probably removed a lot of doubt, if there was any."

Eric Karros hit a tiebreaking home run with two out in the eighth and Ismael Valdes (8-10) pitched seven strong innings.

A two-run single by pitcher Brian Bohannon was all the Mets could manage in their eighth defeat in 11 games.

While the Dodgers remained two games behind San Francisco in

the NL West, they moved past the Mets in the wild-card chase. Los Angeles is 4½ games behind Florida for the fourth playoff spot, while New York is now five back.

Brewers 4, Astros 3 At Houston, John Smoltz struck out a season-high 11 in eight innings and Jeff Blauser hit a two-run homer as Atlanta handed Mike Hampton his first loss since June 27.

Mark Wohlers allowed the Astros to put runners on second and third in the ninth before striking out Craig Biggio for his 30th save.

Pirates 5, Padres 3 Keith Osiek's two-run, two-out double finished off Pittsburgh's three-run sixth, and Jon Lieber won at home for the first time since June 30.

Jose Guillen had a pair of run-scoring singles as the Pirates scored all but one of their five runs against San Diego starter Pete Smith with two out.

Martins 8, Cubs 1 In Miami, Bobby Bonilla followed two bases-loaded walks with a grand slam in the fifth, and Alex Fernandez pitched a four-hitter.

Fernandez (16-8) walked one and struck out seven in his fifth complete game. He has won his last six starts and is 3-0 against the Cubs this season.

Reds 6, Rockies 5 In Cincinnati, Jon Nunnally hit a tie-breaking homer and Willie Greene homered and drove in three runs for Cin-

cinnati, which improved to 12-12 under manager Jack McKeon by winning for the seventh time in 10 games.

Giants 9, Phillies 5 Shawn Estes (16-4) beat the Phillies for the third time this season, and Bill Mueller hit a bases-clearing triple as San Francisco won in Philadelphia.

Estes allowed five runs and seven hits in six-plus innings. He improved to 8-0 in 10 starts following Giants losses. Mark Lewis added a two-run homer and San Francisco scored five runs in the fifth.

Cardinals 12, Expos 5 Ray Lankford hit a three-run homer and scored twice in an eight-run second inning for St. Louis at Montreal.

Gary Gaetti, celebrating his 39th birthday, hit a run-scoring single in the second and homered for the Cardinals.

In American League games:

White Sox 5, Blue Jays 3 Blue Jays 6, White Sox 5 In Chicago, Jason Bere, making his first start since elbow surgery last September, gave up four hits in 5½ innings to give the White Sox a split of their doubleheader.

In the opener, Carlos Delgado hit a tie-breaking single in the seventh as Toronto scored two runs on two Chicago errors.

Bere gave up two runs, walked three and struck out three. He was pulled after giving up a single to Delgado with one out in the sixth and received a standing ovation.

Chicago's Frank Thomas, who missed Monday's game because of

a sore left elbow, went 5-for-7 in the doubleheader to raise his American League-leading average to .345.

Orioles 12, Royals 9 Royals 9, Orioles 2 In Kansas City, Ricky Bones pitched a seven-hitter and rookie Jed Hansen drove in four runs as Kansas City split its doubleheader and ended Baltimore's four-game winning streak.

In the opener, Lenny Webster's three-run homer keyed a six-run third for the Orioles.

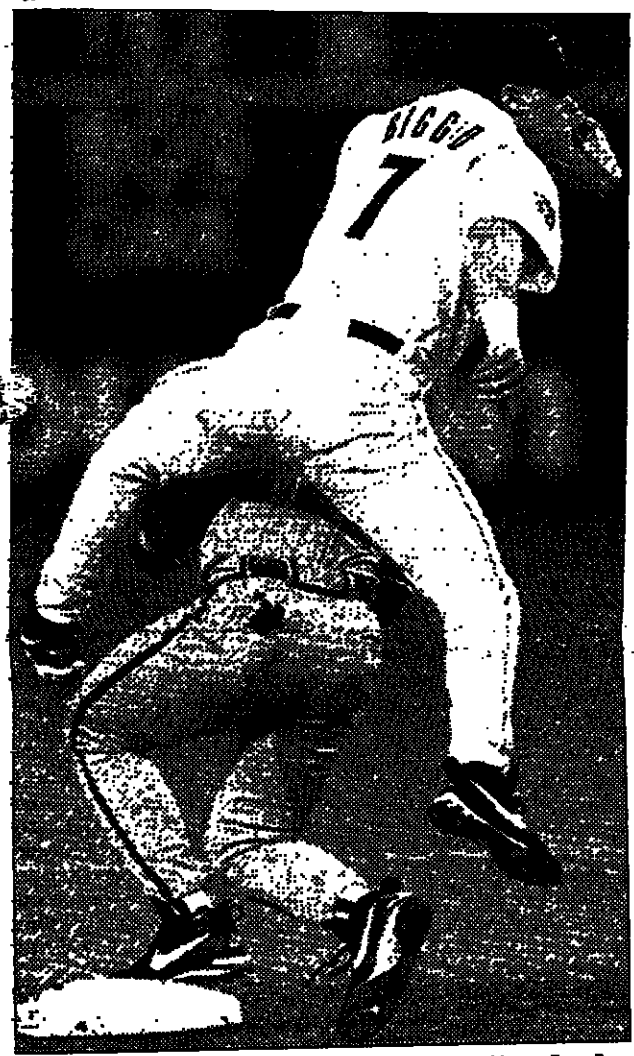
In the second game, Bones gave up a single to Brady Anderson on the second pitch of the game. He retired 16 straight before Mike Bordick singled with one out in the sixth.

The right-hander, obtained on June 26 for cash from Milwaukee, didn't allow a walk. He took a shutout into the ninth before Jeff Rebolter's two-run homer.

Tigers 8, Twins 2 Willie Blair won for the ninth time in 10 appearances, and Bob Hamelin, Travis Fryman and Tony Clark hit two-run homers as Minnesota lost its 10th straight.

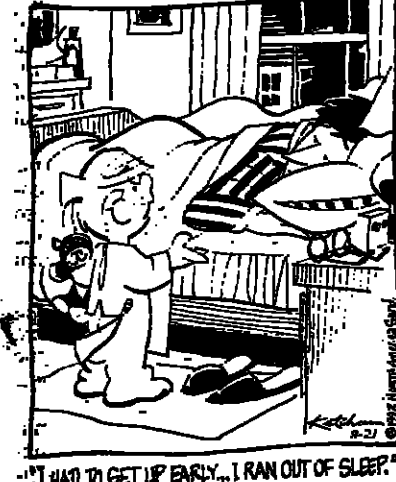
Brewers 8, Rangers 2 In Arlington, Texas, Mark Loreta drove in a career-high four runs to lead Milwaukee to its fourth win in five games.

Indians 7, Mariners 5 David Justice hit his first grand slam in almost seven years and John Smiley allowed seven hits, one walk and struck out three in seven innings for Cleveland at Seattle.



Houston's Craig Biggio vaulting over Atlanta's Danny Bautista during double-play action at the Astrodome. The Braves won, 4-3, on Jeff Blauser's two-run homer.

DENNIS THE MENACE



JUMBLE

THAT SCRAMBLED WORD GAME

Scramble these four words, then write the words in the boxes below.

VELOH

ADGRU

BOMERY

SECCAS

Now arrange the letters below to form the words from the above words.

Answer: A, E, F, G, H, I, L, M, N, O, P, Q, R, S, T, U, V, W, X, Y, Z

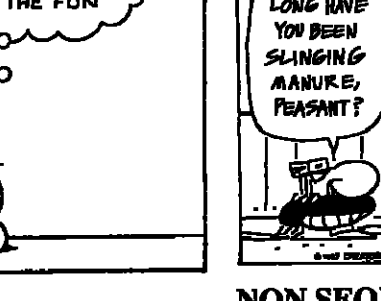
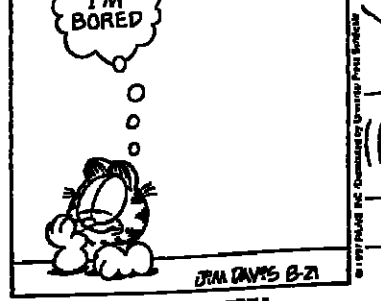
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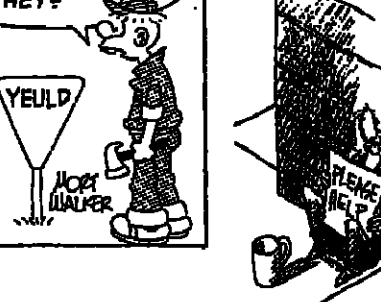
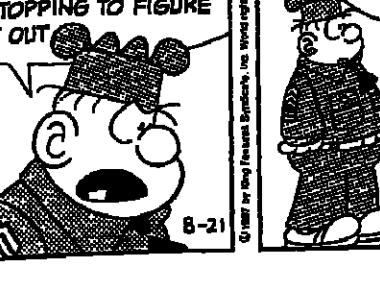
PEANUTS



GARFIELD



BEETLE BAILEY



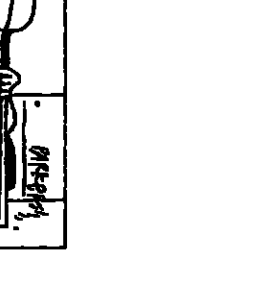
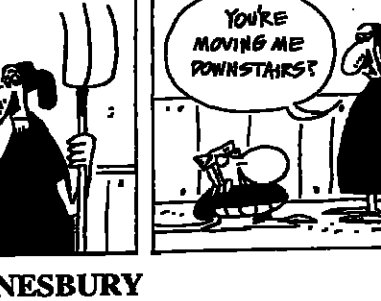
BLONDIE



CALVIN AND HOBBES



WIZARD of ID



NON SEQUITUR



DOONESBURY



